Crown Corporation
BUSINESS PLANS

for the fiscal year **2001-02**
PROVINCE OF NOVA SCOTIA

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SUBMITTED BY
THE HONOURABLE NEIL J. LEBLANC
MINISTER OF FINANCE

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Crown Corporation Business Plans

Crown corporation business plans are printed under authority of Section 73 of the Provincial Finance Act:

73 *Commencing April 1, 1997, a crown corporation shall annually*

(a) submit to the House of Assembly for approval during consideration of the Estimates its business plan and any proposed public financing; and

(b) table in the House of Assembly audited financial statements for the preceding fiscal year

The public presentation, annually, of Crown corporation business plans will increase the accountability to the House of Assembly of organizations generally accepted to be in the public sector but outside the direct control of government. Business plans define key elements of Crown corporations such as their mission, strategic goals, and core functions as well as give indications of performance, priorities, outcome measures, and budgets.

Organizations included in this volume are designated as Crown corporations by their enabling legislation, by Order in Council, or by application of the criteria established under Section 70 (Crown Corporations) of the Provincial Finance Act.

The approval of business plans as required by clause (a) will be sought through the Estimates Resolutions. Compliance with clause (b) will be achieved throughout the fiscal year as audited financial statements become available.

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Crown Corporation Business Plans

Art Gallery of Nova Scotia

Business Plan 2001–02

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Introduction

Size and Scope

The Art Gallery of Nova Scotia (AGNS) is an agency of the Province of Nova Scotia for the acquisition, preservation, and exhibition of works of art, holding them in trust for the people of Nova Scotia, and for providing education in the visual arts. Its purpose is to set a standard that presents the province and its people as major contributors to the cultural growth of the province as well as to the country. The gallery strives to offer balanced programs addressing the needs and interests of the people of Nova Scotia, recognizing their cultural diversities.

The Art Gallery of Nova Scotia is in a unique position to provide access to original art objects and to create an environment of lifelong learning in the visual arts; Nova Scotia's cultural history; and the ideas, issues, and concerns that make the arts a central element in the well-being of society. While the gallery has no competitors for its core function, it is in competition with various arts, leisure, and not-for-profit organizations both for users and for funding support. The gallery is sensitive to its public image and the expectations from its current and potential customers; therefore, the gallery must continually strive to provide quality programs, exhibitions, and services.

Housed in the former Dominion Building and occupying 2 1/2 floors of the Provincial Building, the AGNS encompasses 7150 m^2 (77,000 sq ft) of space. AGNS has 35 gallery spaces, a conservation laboratory, a photography studio, a dark room, preparation workshops, a lecture theatre, seminar rooms, working studios, an artist-in-residence studio, a retail shop, a café, and office area. The collection comprises over 9,000 works of art valued at approximately $100 million, with approximately 550 artworks on display at any given time. In addition, temporary exhibitions are mounted annually in temporary exhibition galleries and include some 1,000 works from public and private collections as well as the gallery's own collection. AGNS has 13 funded civil service positions and 11 contract personnel who are highly educated and well trained, assisted by a volunteer core of 225 people.

A Western Branch is currently under development in Yarmouth to serve all of western Nova Scotia. The Western Branch will be a microcosm of the main gallery in

Halifax in relation to exhibitions, programs, and services.

High Level Core Business Functions

The AGNS operates the provincial art gallery to global art museum standards. It has the responsibility of connecting people throughout the province with their visual and cultural heritage. The AGNS holds its collection in trust for Nova Scotians and is an institution that promotes lifelong learning in visual arts and culture through the collection and preservation of art and offers exhibitions, programs, and services.

Current Planning Environment

The Art Gallery of Nova Scotia manages numerous funds for continued enhancement of the organization and the programs it offers to the public. Currently, over 50 per cent of funds required to operate the provincial art gallery are self-generated. In addition, AGNS raises 100 per cent of all monies required for the purchase of works of art from grants, private donors, corporations, and members. These monies are managed and accounted for through the AGNS Acquisition Fund. AGNS has an Endowment Fund, established in 1993, for the long-term benefit of the gallery. Many of these donations have been given with the donor specifying restricted use, and they are directed to these purposes. Market performance in any given year dictates the income available for the gallery's use. In addition to operating funds, a capital campaign is in place for the Western Branch of the AGNS in Yarmouth and additional capital funds are also being sought to complete the goal for the 1998 expansion into the Provincial Building.

Budget Allotments

Operating and art acquisition budget allotments are as follows:

Operational Area	*Allocation*
Operations and physical plant	$1,265,000
Exhibitions and public programs delivery	$ 872,500
Collection management and conservation	$ 499,600
Development and marketing initiatives	$ 286,700
Total	$2,923,800

101-04099/

Major Challenges

- to maintain and preserve the permanent collection and to maintain the high level of exhibition, acquisition, and educational program delivery, given current financial constraints
- to meet the increased cost of operating Gallery South (Provincial Building) that has previously been part of the Transportation and Public Works budget
- to effectively realize the mission of the AGNS in servicing the public's demand for programming (exhibitions, public programs, publications, member services) with the current level of limited human and capital resources
- to complete the capital funding requirements for the Western Branch of the Art Gallery of Nova Scotia in Yarmouth and operate it as a fully functional professional gallery
- to complete the capital goal required for the 1998 expansion in the Provincial Building through the endowment of individual spaces (i.e., NSCAD ARCHIVE, First Nations Gallery, Recent Acquisitions, etc.)
- to continue to promote entrepreneurial ventures, i.e., launching a wholesale division to produce, market, and sell products from the AGNS collection
- to become a tourist destination, both nationally and internationally, and be considered a critical part of the cultural community
- to increase usage of the gallery and to develop new audiences

Mission

To serve the public by bringing the visual arts and people together in an environment which encourages exploration, dialogue, and enjoyment.

This will be achieved by providing leadership in the development and preservation of quality collections, exhibitions, and education and public programs.

Strategic Goals

Goal 1

To achieve a balanced budget by increasing the level of funding sources to the gallery—government in partnership with the private sector.

Goal 2

To provide programs and exhibitions that are thought-provoking, educational, chal-

lenging, and enjoyable, in particular, and to promote our Nova Scotian artists and artisans, thereby investing in the cultural industry of this province and in opportunities to showcase and market their works so they can enjoy a sustainable livelihood in the province.

Goal 3

To raise the profile of AGNS by developing a comprehensive marketing and communications plan that will ensure the gallery is a major destination for Nova Scotians and tourists to the province.

Goal 4

To enhance rural economic development by completing the capital campaign of the Western Branch of the AGNS in Yarmouth and the first year of operation.

Goal 5

To provide a professional environment that promotes organizational effectiveness through teamwork, development, training, and use of appropriate technologies.

Core Business Functions

- To acquire, preserve, maintain, and exhibit the permanent collection held in trust for the citizens of Nova Scotia. The collection is guided by an acquisition policy and a committee of internal and external members. Care of the collection, documentation, maintenance of records, and research pertaining to the art are basic responsibilities.
- To provide temporary exhibitions (from the collection and external sources) that explore the breadth and depth of visual art in current and past times, through extensively researched publications, presentations, and animation of the topic. Some exhibitions travel to provincial, regional, national, and international sites.
- To work in partnership with individuals and community groups, schools, teachers, and artists to provide high-quality art education programs for learners of all ages. AGNS is a unique environment for learning, as original works of art are accessible to these audiences.
- To continually develop diversified funding appropriate for carrying out the mandate and mission of a vital provincial institution meeting the needs and expectations of the people of Nova Scotia.

- To be a comprehensive resource for information on Nova Scotian artists and to contribute to the development of the province's cultural industries.

Priorities for 2001–02

The following initiatives will be undertaken by the AGNS to realize its goals and respond to new challenges:

- Through development of AGNS exhibitions and programs and in partnership with other organizations, provide visual cultural opportunities to rural Nova Scotia.
- Partner with a professional public relations and marketing firm to develop a marketing strategy to promote the AGNS initiative "The Year of the Impressionists."
- Complete the capital campaign for the Western Branch in Yarmouth as well as the capital campaign for the Phase II expansion in the Provincial Building
- Develop an aggressive marketing strategy for retail sales and product development as well as wholesaling.
- Promote lifelong learning by developing educational programs that complement our planned exhibitions.

Outcomes and Outcome Measures

Goal 1 ▶ *Achieve balanced budget by increasing level of fundraising sources with endowment fund campaign.*

Indicator	Measure	Target	Strategy
• Financial diversification and stability • Positive cash flow	• Monies received	• $1.5M $5M	• Admission surcharge from Impressionist Masterworks exhibition • Aggressively market sponsorship opportunities to corporate sector • Use interest from Phase II Endowment • Aggressively promote fundraising events

Goal 2 ▶ *Present programs and exhibitions that are challenging.*

Indicator	Measure	Target	Strategy
• Client satisfaction.	• Feedback • Return visits • Increased membership and admission fees	• 50,000 additional visitors • 50% increase in membership/ 125% admission fees	• In partnership with private sector develop marketing and communication plans to promote "Year of the Impressionists."

Goal 3 ▶ *Increase retail sales, product development, wholesaling, and develop marketing plan*

Indicator	Measure	Target	Strategy
• Increased sales and awareness of AGNS retail operation	• Revenue increased, more orders from clients for products	• Increase sales by 20% in the Gallery Shop and develop product and wholesaling division • Increased market share	• In conjunction with marketing consultant, develop a marketing and distribution plan for AGNS products

Goal 4 ▶ *Complete Western Branch and Phase II Capital Campaigns*

Indicator	Measure	Target	Strategy
• Fully operational facility. • All funds in place for completion.	• Monies received or pledged.	• Complete construction of the Western Branch Gallery by 2001. • Endow the remaining galleries in Gallery South.	• Work with the Western Branch Capital Campaign Committee to put in place the funding required to complete construction.

Goal 5 ▶ *Promote lifelong learning through educational programs*

Indicator	Measure	Target	Strategy
• Increased demand by teachers, artists, students and other groups for AGNS programs.	• More group and school tours booked. • Requests for resource materials and publications.	• 10% increase in participation in AGNS public programs and visitorship to exhibitions	• Development programs that encourage people to participate in what AGNS has to offer.

Communications

Key Messages	*Intended Audience*
• The AGNS is a great destination for visitors to Nova Scotia to experience our culture.	• Tourists from outside the province as well as within.
• The AGNS is a well run, efficient, and effective organization.	• Other galleries and museums with whom we partner; other government departments; donors and sponsors; artists.
• The AGNS actively engaged Nova Scotians of diverse cultural backgrounds.	• Members of minority cultures; other government departments; teachers and students; program users and potential visitors; artists of diverse ethnic backgrounds.
• The AGNS makes learning about art unintimidating and interesting for everyone.	• Lifelong learners; potential program users of all ages; general visitors; artists; students.

The AGNS communication focus is to make our citizens and tourists aware of the gallery and the role it plays in the visual arts and to reaffirm its place as a cornerstone of the local cultural community. An aggressive campaign will identify and market 2001–02 as the Year of the Impressionists at the AGNS.

We will encourage increased attendance by partnering with a professional public relations firm to create excitement and anticipation about AGNS exhibitions and programs, through media releases and public service announcements, posters, flyers, rack cards, calendars, and brochures, providing an easily recognizable and accessible message. AGNS will develop media kits on exhibitions, programs, and events, which will be distributed locally, regionally, and nationally. The AGNS will encourage the local media to attend events and programs specific to programs presented at the gallery, providing an opportunity to experience AGNS in an informal atmosphere. All print material will have a consistent level of quality and corporate identity.

We will also focus on other gallery functions, including volunteer recruitment, sponsor and volunteer recognition, new acquisitions, travelling exhibitions, and artful experiences for children. In addition to increasing public awareness, these features will establish the AGNS as an accessible resource for a wide range of cultural experiences.

A vigorous campaign will be undertaken to establish links within the cultural community. An exchange of services with other not-for-profit organizations, as well as sharing of information with other cultural managers will increase awareness of AGNS and firmly establish AGNS as an essential cultural entity.

Functions at AGNS and in conjunction with special and community events are an integral part of the impact and lasting effect AGNS will have on the community. These receptions provide members, sponsors, artists, and the general public with an opportunity to enjoy and reflect on the common experiences AGNS has provided to them.

Tracking the success of media involvement is an essential part of the communication process. Press clipping files will be maintained both on AGNS and its sponsors (both current and potential), and hits to the AGNS web site will be monitored.

The overall theme for the next year will be reaching out and engaging the community as outlined in our strategic plan.

Human Resources

- Fill the positions of Chief Curator and Curator who will develop thought-provoking, engaging, enjoyable, and educational exhibitions; fill the vacant position of Manager of Development.
- Restructure the organization in a manner that creates an efficiently managed organization based on functionality, productivity, and job satisfaction.
- Provide professional development that challenges and broadens knowledge base and promotes high performance and work place satisfaction.
- Create a program to formally recognize the contribution of staff who work enormous hours of overtime as well as volunteering their expertise and enthusiasm to AGNS fundraisers, projects, programs, etc.
- Continue working to provide a healthy, safe, and productive work environment.

Information Technology

The AGNS website will go through a major reorganization in order to better reflect the initiatives outlined in the communications plan for the gallery. The site needs to be not only informative, but also innovative in order to capture the attention of an increasingly discerning audience. The public will be able to interact with the gallery through the Internet both as a resource and as an art experience. An efficient tracking system needs to be put in place in order to monitor the success of the site.

In order to facilitate the anticipated audience for the Impressionist Masterworks exhibition and future exhibitions, the gallery needs an event business management system (VISTA). This system will capture necessary statistics, which will enable AGNS to make informed business decisions.

Financial Services

- Improve monthly cash flow projections
- Improve the tracking of projects to budget estimates
- Update the accounting software in an effort to improve reporting
- Fully integrate the POS (point of sale) system into the accounting system to achieve better statistical data
- Research and recommend an event business management system that would eliminate many of the manual procedures and provide critical information for tracking members, visitors, and statistical information.

Budget

While working to achieve a balanced budget and the presentation of a public face of vitality and growth, the gallery has over recent years eliminated or reduced in scale many projects, stretching staff to maximum capability. Further funding reduction would severely jeopardize the ability of the gallery to maintain current activity levels and to achieve the standards of operation necessary to carry out its public trust.

The budget for 2001–02 has been prepared with certain assumptions in order to maintain the quality of the provincial art gallery. They are: the provincial allotment needs to grow to meet continued obligations of the AGNS in Halifax and the

Western Branch in Yarmouth; the Endowment Fund will provide for the operating monies; the gallery has access to Phase II Capital Funds to pay the extra costs of operation for the 1998 expansion in the Provincial Building; the Gallery Shop and wholesale division make a substantial contribution in 2001–02; a new major gifts campaign can be sustained; and all of the fundraising initiatives will meet their goals.

After all of this, there still remains a shortfall of $385,000. Some areas of fund development may be risky, and contingency plans including staff layoffs, closing the gallery on specific days each week, and cutting programs will need to be addressed.

If the AGNS and its programs and activities did not exist there would be no public access to the province's important visual heritage through either objects or knowledge; the public trust to maintain the collection and provide programs of the Gallery of Nova Scotia would be breached; the publicly held collection of over 9,000 works would deteriorate without appropriate care; schools would lose a key element in visual art education access for all grade levels as well as resources and training for teachers; and there would be a major impact on the ability of the province to foster and promote the work of our artists, provincially and in the national forum. In addition, there would be an impact on the development of cultural industries and the role the arts in our economy.

Operating Budget

Years Ending 2002 to 2004

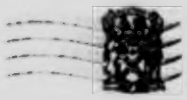
Revenue	***2001–02***	***2002–03***	***2003–04***
Committed Funding			
Allotment	$1,163,000	$1,163,000	$1,163,000
	$1,163,000	**$1,163,000**	**$1,163,000**
Forecast Revenue			
Admissions	175,000	65,000	65,000
Catalogue sales	15,000	5,000	5,000
Programming recoveries	45,000	47,000	50,000
Membership	55,000	55,000	55,000
Advertising	10,000	12,000	14,000
Cost centres	45,000	47,000	48,000
Rental space recoveries	25,000	25,000	30,000
Interest	5,000	5,000	5,000
Deferred revenue	27,000	—	—
Gallery services	1,000	1,000	1,000
Grants	155,000	165,000	170,000
Miscellaneous income	24,300	20,300	25,000
	$582,300	**$447,300**	**$488,000**
Anticipated Fundraising			
Direct mail	80,000	80,000	80,000
Special events	100,000	80,000	88,200
Business partners	525,000	450,000	450,000
Major gifts appeal	100,000	105,000	108,000
	805,500	**715,000**	**726,200**
Total Revenue	**$2,550,800**	**$2,325,300**	**$2,357,200**
Additional Funding Sources			
Endowment contribution	215,000	215,000	225,000
Gallery Shop	25,000	25,000	25,000
Product development	10,000	10,000	10,000
Phase II contribution	123,000	123,000	123,000
	373,000	**373,000**	**383,000**
Total	**$2,923,800**	**$2,698,300**	**$2,740,200**

Operating Budget

Years Ending 2002 to 2004

Expenditures	***2001–02***	***2002–03***	***2003–04***
Salaries & benefits	850,000	850,000	850,000
Printing & publications	43,500	45,000	45,000
Professional fees	25,000	25,000	25,000
Travel	45,000	47,000	50,000
Stationary, postage	60,000	62,000	63,000
Staff development & training	8,000	10,000	10,000
Telephone	45,000	45,000	45,000
Delivery & shipping	2,700	3,000	3,100
Admin promotional	8,500	8,500	8,500
Memberships—professional	6,000	6,000	6,000
Equipment rental & maintenance	18,500	18,500	20,000
Western branch	100,000	100,000	100,000
Security	196,600	200,000	200,000
Insurance	35,000	35,000	31,600
Utilities	225,000	240,000	250,000
TPW Allocated Costs–Gallery South	123,000	125,000	125,000
Building maintenance & cleaning	48,000	50,000	52,000
Climate control—Honeywell	125,000	125,000	125,000
Elevator maintenance	12,000	12,000	12,000
Development	70,000	70,000	75,000
Public relations	44,000	46,000	48,000
Programming, education	690,000	500,000	515,000
Permanent collection	15,000	10,000	10,000
Vehicle	8,000	12,000	15,000
Collection management	25,000	10,000	10,000
Conservation lab	60,000	6,000	7,000
Workshop Supplies	18,000	20,000	20,000
Technology	10,000	10,000	11,000
Miscellaneous	3,500	3,500	4,000
Bank/Visa Charges	3,500	3,800	4,000
Total Expenditures	**$2,923,800**	**$2,698,300**	**$2,740,200**
Net Surplus/Loss	**$ —**	**$ —**	**$ —**

Crown Corporation Business Plans



Bedford Waterfront Development Corporation Limited

Business Plan 2001–02

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Introduction

Bedford Waterfront Development Corporation (BWDC) was formed in 1988 to oversee dredging in the area where the Sackville River empties into the Bedford Basin. To accommodate the removed sediment, a containment and berm system was constructed adjacent to the existing sewage treatment plan, creating 9.7 ha (24 ac) of land under Phase I. The corporation managed the project using funding provided from federal, provincial, and municipal grants and bank financing.

Of the 9.7 ha, 4.9 ha were deeded back to the local authorities for the development of parkland. The remaining land was divided into lots for commercial and residential development.

As a result of changes in provincial legislation, BWDC was dissolved and Bedford Waterfront Development Corporation Limited (BWDCL) was incorporated in March 1999 as a provincial Crown corporation.

The corporation at present has no staff of its own. Planning and operations are carried out by the directors, with the assistance of Waterfront Development Corporation Limited staff. The corporation's principal sources of revenue are an operating grant from the province and payments from contractors disposing of pyritic slate from excavation projects. The latter revenue is used to complete the process of land creation from the infilling operation. Continuation of government support will allow the process of land creation and planning to continue; the eventual value of this new land, when sold or leased, will provide a significant return on investment.

Mission

"To develop the waterfront around the Bedford Basin for the benefit of the public, working in partnership with the private sector and public agencies."

Strategic Goals/ Core Business Functions

The strategic goals and core business functions of BWDCL include:

Goal 1
Create Phase II lands for future commercial and residential development.

Goal 2
Oversee development of a public/private marina in Mill Cove.

Goal 3
Develop a boat launch ramp on Phase II lands.

Goal 4
Plan for completion of South Jetty.

Goal 5
In cooperation with HRM, plan review for Phase II.

Goal 6
In cooperation with HRM, support and promote use of public areas.

Performance in 2000–01

The following represents the projects and activities undertaken during 2000–01:

- Installed a marginal wharf on the inside portion of the North Jetty capable of mooring up to six vessels less than 12 m (40 ft) in length.
- Continued infilling BWDCL's waterlot in Phase II for the creation of lands for future development.
- Advertised for an Expression of Interest for the construction of a public/private marina in Mill Cove and the sale of extra caissons and a temporary building.

Priorities for 2001–002

- Oversee the construction of the first phase of a public/private marina.
- Continue infilling of BWDCL's waterlot in Phase II.
- Negotiate with Nousha Investments on the waterlot they own adjacent to BWDCL's waterlot, on which infilling is continuing.
- Negotiate with Halifax Port Authority for a long-term lease for a portion of their

waterlot on which the North Jetty footprint is located.

- Begin plan review process for developing Phase II.

Outcomes and Outcome Measures

- Infill waterlots owned by BWDCL and potentially Nousha Investments' waterlot to create lands for commercial and residential development.
- Develop plan for roadway and walkway from Phase I to Phase II.
- Develop plans to complete South Jetty.
- Develop plans to construct a boat launch next to South Jetty.

Communications

The following primary messages will be stressed in 2001–02:

- The amalgamation of BWDCL with WDCL will continue to be communicated through public participation as the corporation proceeds with its various projects and programs.
- Special efforts will be made to communicate the proposed marina development and the development of a plan for Phase II.

Human Resources

The human resources of the corporation are limited to the two appointed directors. This has been supplemented by staff resources of Waterfront Development Corporation Limited. WDCL will be assessing staff needs as a result of the amalgamation of the two corporations.

Information Technology

As a result of the amalgamation of BWDCL and WDCL, the information technology resources of the latter will be available.

Financial Services

The loans of BWDCL are with the Business Development Corporation, and interest charges are not being charged to the corporation. This current business plan proposes that this arrangement will continue.

Budget

The key day to day activity for the next four years is the infilling of the waterlot, and the attached projected budget reflects anticipated activity. A provincial grant is necessary to meet operating needs.

Business Plan, 2000–2005

	2000–01 Forecast	2001–02 Budget	2002–03 Budget	2003–04 Budget	2004–05 Budget
Revenue					
Berthing, etc.	63,413	16,300			
Other					
	63,413	16,300			
Property Expenses					
Operating					
Taxes					
Amort. and Deprec.					
Income Before Other Items	63,413	16,300			
Other Expenses					
Advertising	1,000	1,000	1,000	1,000	1,000
Directors' Fees	18,531				
Insurance	1,250	1,300	1,350	1,400	1,450
Interest & Bank Charges	100	100	100	100	100
Miscellaneous	9,800	4,000	2,500	2,500	2,500
Office Expense	2,500	2,600	2,600	2,600	2,600
Prof. Fees - General Counsel & Audit	17,000	19,500	20,500	21,500	22,000
Telephone	135				
	50,316	28,500	28,050	29,100	29,650
Loan Interest		1,300	7,150	84,500	87,750
Net Earnings	13,097	(13,500)	(35,200)	(113,600)	(117,400)
plus: amort. and deprec.					
less: sinking fund contrib.					
Funds avilable for development	13,097	(13,500)	(35,200)	(113,600)	(117,400)
Development Project Exp.					
Infill expenditure	421,000	279,600	113,600	401,600	394,600
North Jetty		3,000	77,000		
South Jetty				300,000	28,000
Phase II Land Assembly			30,000	860,000	
Total Capital	421,000	282,600	220,600	1,561,600	422,600
Funds Required	407,903	296,100	255,800	1,675,200	540,000

Business Plan, 2000–2005 (continued)

	2000–01 Forecast	2001–02 Budget	2002–03 Budget	2003–04 Budget	2004–05 Budget
Other Income					
Infill Revenue	284,500	150,000	80,000	400,000	400,000
Grants & Recoveries					
NS Gov't. Contribution	140,200	105,150	89,400	89,400	89,400
Total other funds	424,700	255,150	169,400	489,400	489,400
Ending cash (BB =1,303)	18,100	(2,850)	750	4,950	4,350
Increase (decrease) in debt		20,000	90,000	1,180,000	60,000
Loan Balance, end of year *	**3,155,363**	**3,175,363**	**3,265,363**	**4,445,363**	**4,505,363**
Sinking Fund Balance, end of year					
Prime rate		**7.50%**	**7.50%**	**7.50%**	**7.50%**

*** Loan balances do not reflect scheduled payments on debenture.**

Crown Corporation Business Plans

Halifax–Dartmouth Bridge Commission

Business Plan 2001

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Introduction

The Halifax-Dartmouth Bridge Commission (HDBC) was created in 1950 by a statute of the Province of Nova Scotia to construct, operate, and maintain bridges and their approaches across the Halifax Harbour between Halifax and Dartmouth and across the North West Arm. It has operated a two-lane (now three-lane) bridge, the Angus L. Macdonald Bridge, since 1955 and a four-lane bridge, the A. Murray MacKay Bridge, since 1970.

There are nine members of the Halifax-Dartmouth Bridge Commission; five are appointed by the Province of Nova Scotia Governor in Council, and four are appointed by the Halifax Regional Municipality. Board members are appointed for a three-year term.

The Halifax-Dartmouth Bridge Commission is a self-supporting entity, and the bridges are operated on a user-pay basis. The Province of Nova Scotia does not contribute to the operations, nor does it guarantee the debt. The commission's borrowing must be approved by the Governor in Council, and the setting of tolls is subject to the approval of the Nova Scotia Utility and Review Board.

In 1997, HDBC successfully issued $100 million of Toll Revenue Bonds and arranged a $30-million line of credit with the province. The Toll Revenue Bonds are secured by an assignment of the revenues of HDBC and are not guaranteed by the Province of Nova Scotia. The bonds are rated AA (low) by Dominion Bond Rating Service Limited and A+ by Standard & Poor's Ratings Group. As a result of the refinancing in 1997, the long-term interest rate was reduced from 11 per cent to 5.95 per cent, denominated in Canadian dollars.

At December 31, 2000, HDBC's long-term debt was $123 million ($113 million net of debt repayment funds). This $123 million is made up of $100 million of 5.95 per cent Toll Revenue Bonds Series 1, due in December 2007, and $23 million outstanding on the provincial line of credit, with a floating interest rate, also due December 2007. Due to unknown future rates of return on debt repayment funds and operational and capital requirements, it is not possible to estimate with accuracy how large debt repayment funds will be in 2007, but they will not be sufficient to pay the entire debt. Some portion of the debt will be refinanced at that time.

Over the past three years, HDBC has undertaken a number of capital improvements, which have increased total capacity and improved traffic flow on the bridges. The MacPass electronic toll collection system was introduced in October 1998. This system allows bridge users to pay tolls electronically from a prepaid account without stopping to deposit cash or tokens. In October 1999, HDBC completed a major reconstruction project on the Macdonald Bridge, which included replacement of the deck in the approach spans and the addition of a third traffic lane, a bicycle lane, and a new pedestrian sidewalk. This project was completed on time and under budget.

During 2000, the Macdonald and MacKay bridges together carried approximately 30.8 million vehicles. Cars and light trucks (Class 1) represent approximately 96.5 per cent of the total traffic volume, with the remaining 3.5 per cent made up of trucks and buses (Class 2, 3, 4, & 5). The average workday (Monday–Friday) traffic on the Macdonald Bridge was 41,500 crossings, while the average workday traffic on the MacKay Bridge was 58,800 crossings. On a per-capita basis (population: 350,000), they are among the most frequently used toll bridges in North America. The commission expects that as the local economy continues to grow, so will the traffic volumes on the bridges.

The Halifax-Dartmouth Bridge Commission employs 23 permanent, full-time administration and maintenance staff, four part-time customer service staff, 50 Corps of Commissionaires on a contract basis, and 50 seasonal painting and gardening staff.

Mission

"To provide safe, convenient and reliable passage for all our patrons."

Strategic Goals

Note: HDBC considers these goals to be of equal priority. No ranking is implied.

Goal 1

Ensure the continuing financial stability of HDBC through sound financial planning and management.

Goal 2
Ensure that public and employee safety are considered in all policies, operations, and initiatives of HDBC.

Goal 3
Maintain the bridges and approaches in top condition through a continuous maintenance program.

Goal 4
Provide convenient and reliable passage for all patrons.

Core Business Functions

Financial Planning and Management

- Develop and implement financial plans to support annual operating costs and capital projects and also to ensure the most effective use of long-term borrowing and investment capabilities.
- Assess risk and ensure adequate and appropriate insurance coverage.
- Maintain a cohesive and effective system of internal controls.

Toll Collection and Processing

- Sell tokens and transponders and collect tolls mechanically and electronically for approximately 30.8 million vehicles annually.

Inspection and Maintenance

- Conduct ongoing monitoring and a thorough annual inspection of the bridges and approaches to identify immediate, mid-term, and long-range maintenance requirements and incorporate these requirements into the maintenance schedule and capital improvements program.

Traffic Safety and Emergency Response

- Monitor bridge traffic and respond quickly to incidents and accidents as required, thereby minimizing traffic disruptions on the structures. Commissionaires and maintenance staff accomplish this through radar speed enforcement, video monitoring, continuous surveillance of the bridge and approaches, and observance of an overall emergency response plan.

Winter Roadway Maintenance

- Ensure effective winter roadway maintenance on the bridges, which develop ice faster than other roadways. The use of roadway ice detection systems and continuous staffing during winter months guarantees prompt attention to ice and snow removal on the bridges and approaches.

Capital Projects

- Identify, plan, and implement capital project requirements and opportunities that will allow HDBC to better fulfil its mandate.

Performance in 2000

Ensure the continuing financial stability of HDBC

- Continued to meet the requirements of the Trust Indenture governing Toll Revenue Bonds, Series 1, and maintained bond ratings of AA (low) and A+ bond ratings.

Ensure public and employee safety

- Continued and intensified radar speed enforcement. Reducing speed on the toll plazas creates a safer environment for HDBC personnel who must cross lanes regularly, while reducing speed on the span makes it safer for motorists and minimizes the severity of accidents.
- Constructed a lay-by area at the MacKay Bridge for safely pulling over traffic offenders.
- Continued safety training for full-time and part-time staff, including courses in standard CPR and first aid, fall arrest and fall protection for painters and foremen, safety for supervisors, traffic control and signage, and accident investigation.
- Extended the installation of gates from automatic and MacPass Only lanes to serviced lanes, creating safer conditions for both motorists and HDBC personnel in the lanes.
- Improved employee access to main towers of the Macdonald Bridge by installing walkways that enable direct access from sidewalk and bikeway, rather than the roadway.
- Installed new digital camera system on the Macdonald Bridge to allow continuous surveillance of the bridge span, Barrington Street approach ramp, sidewalk, and bikeway.
- Completed the new high-traction wearing surface on bicycle lane and extended the fencing at the top of the North Street annex to deter cyclists from crossing unsafely.
- Installed extra toll canopy lighting on both bridges.
- Introduced specialized reflective armbands to be worn in combination with reflective safety vests by personnel in the toll lanes.

Maintain bridges and approaches in top condition

- Conducted annual inspections and carried out regular maintenance activities. These activities included the regular painting program on bridges, line painting, repairs to the deck and piers of the MacKay Bridge, and stringer reinforcement on the Macdonald Bridge.
- Conducted testing in preparation for the 2001 MacKay Bridge Resurfacing Project.

Provide convenient and reliable passage for all patrons

- Increased MacPass usage from 24 per cent of average workday traffic volume at the end of December 1999 to 28 per cent of average workday traffic volume in December 1, 2000. MacPass now represents approximately 65 per cent of the overall average daily traffic volume for commercial vehicles.
- Completed the first full year of operations on Macdonald Bridge third lane. The combined effect of increased MACPASS usage and the new third lane on the Macdonald Bridge has been a significant reduction in toll plaza and bridge congestion.

Priorities for 2001

Goal 1

Ensure the continuing financial stability of HDBC

- Manage the financial resources of HDBC so as to meet the obligations of the bondholder's Trust Indenture, capital projects and the annual O.M.A. budget.
- Use cash flow of approximately $9 million for capital projects and investment accumulation to reduce the debt.

Goal 2

Ensure public and employee safety

- Install a new digital camera system on the MacKay Bridge. This system will provide 24-hour surveillance of the bridge span and approaches and allow for quick response to accidents or incidents anywhere on the bridge.
- Continue to train all full-time employees in standard first aid.
- Replace major signage on the MacKay Bridge using high-grade reflective materials.
- Improve roadway lighting on the MacKay Bridge.

Goal 3

Maintain bridges and approaches in top condition

- Continue annual inspections and maintenance program. The majority of maintenance work in 2001 will be carried out on the MacKay Bridge.
- Carry out the MacKay Bridge Resurfacing Project—removal and replacement of the entire wearing surface on the MacKay Bridge and approaches.
- Carry out anchor block repairs on the Macdonald Bridge.

Goal 4

Provide convenient and reliable passage for all patrons

- Launch a MacPass marketing campaign to promote MacPass. The marketing campaign will coincide with a number of improvements to the system, such as replacing the $30-charge for the transponder with a fully refundable deposit, offering telephone purchase and mail delivery of the transponder, and adding new payment options such as telephone and PC online banking. These improvements, which will make it easier to obtain a MacPass and maintain an account, should attract more users to the system.
- Increase the number of transponders on the system from the current 27,000 to 42,000 by December 2001. Increase MacPass usage from the current 28 per cent of average workday traffic volume to 40 per cent of average workday traffic volume by December 2001. Since MacPass transactions in the toll lanes are significantly faster than token or cash transactions, it is believed that converting more users to MacPass, and increasing MacPass usage, will help to offset congestion caused by future traffic growth.
- Increase the number of "MacPass Only" lanes as usage permits.

Outcomes and Outcome Measures

Goal 1

Ensure the continuing financial stability of HDBC

Indicator: HDBC's financial success is indicated by continuing adherence to the bond holders' Trust Indenture requirements governing Toll Revenue Bonds, Series 1, and by maintaining or improving the current AA (low) and A+ bond ratings.

Goal 2

Ensure public and employee safety

Indicator: Traffic accident statistics, workplace incident records, and workers' compensation claims should support HDBC's good safety record.

Goal 3

Maintain bridges and approaches in top condition

Indicator: Suspension bridges require continual maintenance. This goal will be achieved if HDBC continues with its prescribed schedule of repairs and maintenance. A thorough annual inspection and assessment report by HDBC's consulting engineers ensures that maintenance requirements are carried out on a timely basis.

Goal 4

Provide convenient and reliable passage for all patrons

Indicator. The accomplishment of this goal should be indicated by patrons' ease of travel on bridge spans, toll plazas, and approaches owned and operated by HDBC; good use of the Macdonald Bridge bicycle lane and sidewalk; and minimized traffic disruption throughout the MacKay Bridge Resurfacing Project. Congestion in the form of line-ups and delays on the toll plazas can be reduced, in part, by increased MacPass usage. Increases in MacPass usage are evident in statistical traffic reports, which are monitored continuously. Other indicators of convenient and reliable passage are informal analysis of toll plaza line-ups, media traffic reports, and customer complaints.

Communications

Communications in 2001 will support the overall goal of enhancing public, stakeholder, and media understanding of HDBC's mandate and operations.

Goal 1

Ensure the continuing financial stability of HDBC

Key Message: HDBC has sound, responsible financial management demonstrated through high bond ratings, controlled spending, and debt reduction. This message is communicated primarily through quarterly interim and annual financial reports.

Audience: Bondholders, securities commissions, Department of Finance, media

Goal 2

Ensure public and employee safety

Message: Safety is a high priority of HDBC. All communications related to maintenance and operations encompass this message, and it is communicated at every opportunity.

Audience: Employees, media, bridge users and stakeholders, general public

Goal 3

Maintain bridges and approaches in top condition

Key Message: Suspension bridges are specialized structures requiring continual maintenance. Maintenance projects and expenditures on the bridges are absolutely necessary to ensure safety and to maintain structural integrity. Communications will focus on the upcoming MacKay Bridge Resurfacing Project.

Audience: Bridge users, media, stakeholders (fire, police, ambulance, transit), provincial and municipal governments

Goal 4

Provide convenient and reliable passage for all patrons

Key Message: Increasing MacPass usage will help keep congestion in check in face of increasing traffic volumes. Improvements to the MacPass system, which will be introduced in the first quarter of 2001, should boost individual MacPass sales and thus increase overall usage. A marketing campaign to promote the improvements will be implemented.

Audience: Bridge users, particularly token users

Human Resources

Training and development of all staff will be ongoing in 2001, with a focus on management development, safety, customer service, and information technology skills. The commission will train all staff on its updated anti-harassment policy and procedures and will conduct wellness education sessions.

Information Technology

HDBC's in-house computer system is an 18-user system, which is supported by a Windows NT Small Business Server, used for file storage, Internet, and e-mail access, and a toll collection/accounting server that operates on a SCO UNIX platform. User

workstations operate in Windows 95/98/2000 and NT environments.

The toll collection system—coin collection equipment and the electronic toll collection component (MacPass)—includes two plaza servers and 24 lane controllers. The two plaza systems connect to the main in-house server and download data from the toll lanes on a real time basis.

The HDBC computer systems operate software applications to support toll collection, MACPASS account servicing, statistical analysis, payroll, accounting services, traffic control, weather monitoring, word-processing and desktop publishing.

In 2001, HDBC will acquire a new toll collection server, with increased speed and storage capacity to support the transfer of traffic information, traffic statistics and the development and growth of the MacPass system.

A new digital multi-camera surveillance system and the supporting computer system will be added at the MacKay Bridge for the purposes of safety and traffic management.

Budget

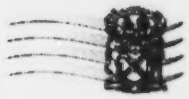
Unaudited Statement of Income for the Years Ended December 31,

	2001 Budget	*2000 Estimated Actual*
Revenue		
Toll revenue	$22,595,025	$22,412,590
Other rate charges	114,075	115,875
Investment and sundry income		
Capital Fund investment income	255,000	71,000
Sinking Fund investment income	173,000	49,000
OMA and Debt Service Funds	213,750	231,835
Other	159,400	180,000
	23,510,250	**23,060,300**
Expenses		
Operating, maintenance and administrative charges	5,249,595	4,988,568
Amortization of capital assets	4,555,000	4,237,605
Interest on long term debt and financing costs	8,167,200	8,164,358
	17,971,795	**17,390,531**
Net Income from operations	**5,538,455**	**5,669,769**

Unaudited Statement of Cash Flow for the Years Ended December 31,

		2001 Budget		*2000 Estimated Actual*
Estimated cash in bank beginning of year		**$5,163,074**		—
Plus revenue		23,510,250		23,060,300
		28,673,324		23,060,300
Less operational expenses				
Operating, maintenance, & administration expenses	$5,249,595		$4,988,568	
Interest on Toll Revenue Bonds, Series 1	5,950,000		5,950,000	
Interest on line of credit	1,375,000	12,574,595	1,372,158	12,310,726
Net operating cash available		16,098,729		10,749,574
Capital funds required		5,833,200		586,500
		10,265,529		10,163,074
Trust Indenture requirements				
Sinking fund	$2,000,000		$2,000,000	
Capital fund	3,000,000	5,000,000	3,000,000	5,000,000
Net funds available		**5,265,529**		**5,163,074**

Crown Corporation Business Plans



In*NOVA*corp

Business Plan 2001–02

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Introduction

Since its formation in 1996, In*NOVA*corp has significantly contributed to the rapidly growing technology industry of Nova Scotia through the integration of several separate entities, each with their own culture and mandate. These entities included the Nova Scotia Research Foundation Corporation, the Technology Innovation Centre, the Technology Associations Secretariat, the Nova Scotia FIRST Fund, the technology role of the Economic Renewal Agency, and the Advanced Materials Engineering Centre. Today, there is one organization with one culture and one mandate.

In December 1999, management developed a four-year strategy to position In*NOVA*corp as Nova Scotia's principle commercialization agent, investor, and manager of new and rapidly evolving technology companies, focused specifically on life sciences and information technology. Some of the highlights of the strategy include

- transitioning the company to a new ownership structure that would include the Province of Nova Scotia, one or more of its strategic partners such as Dalhousie University, and the private sector
- transitioning program delivery so that future provincial funding can be significantly reduced and much of the balance based on a "contracting of services" model
- working with private-sector partners to market a new $35.0-million venture capital fund ("Mayflower Fund") to technology-oriented investors

Management has made substantive progress on its 2000–01 goals and financial targets. The corporation is an active venture capitalist, investing and managing $15 million of venture capital funds; leads the innovation and commercialization function of the public sector through its operation of three technology incubators, which currently host 73 early stage technology companies; provides a mentoring and relationship management network to growing entrepreneurs; and is a respected partner in a growing number of strategic areas in life sciences and information technology.

The deferral in approving the creation of the Mayflower technology fund has shifted the focus of the corporation. This has resulted in the loss of a vital source of projected capital and net income integral

to the implementation of the business strategy.

The 2001–02 Business Plan refocuses the corporation's strategic direction to take into account the acceleration of the development of InNOVAcorp's virtual incubation delivery technology platform.

The 2001–02 Business Plan outlines financial projections for the fiscal year 2001–02. This plan balances losses in the transition year with a significant increase in the corporation's net income over the following three years. This income growth will result from the development of strategic partnerships that will provide direct access to high-growth technology opportunities, fund management fees, and returns on early investments.

The 2001–02 Business Plan calls for provincial funding of $2.2 million for 2001–02 and includes moving the organization over the next three years to a new ownership structure that would include the Province of Nova Scotia, one or more of its strategic partners such as Dalhousie University, and private-sector investors.

The new ownership structure will eliminate dependency on provincial funding and allows the organization to continue to support Nova Scotia's economic growth and development programs.

In*NOVA*corp has momentum, an energized culture, and the ideas and people to continue making a significant difference in the technology sector and the broader economic growth of Nova Scotia, as we enter the rapidly changing world of the new millennium.

Mission

To build relationships that enable technology-based Nova Scotia firms to compete successfully for business anywhere in the world.

InNOVAcorp Vision

In*NOVA*corp is a leader in creating value through technology commercialization.

Corporate Values

We believe in:

- Customer focus: Our customers are our number one priority.

- Communication: Foster open, honest, and two-way exchange of information and ideas.
- Teamwork: Develop the spirit of cooperation among ourselves and with our partners.
- Recognition: Appreciate each other's commitment, enthusiasm, and achievement.
- Integrity: We earn the respect and trust of each other and our customers.
- Personal development: Our people are our greatest asset.
- Accountability: We uphold our values and take responsibility for our choices and actions.

Strategic Goals

At In*NOVA*corp, we believe focusing on the following three goals will help us succeed:

Goal 1
Achieve business development via relationships.

Goal 2
Build a financially viable organization.

Goal 3
Achieve competence in technology commercialization and reputation for excellence.

Core Business Functions: Technology Commercialization

In*NOVA*corp's core business function is technology commercialization. We define technology commercialization as adding business expertise to promising ideas, seeing technological concepts through to commercial success.

Our technology commercialization process works on two levels:

1. Helping individual firms bring their technologies to commercial markets.
2. Building new growth sectors.

Helping Individual Firms Bring Technologies to Market

In*NOVA*corp's experienced relationship managers offer a customized commercialization service package to meet the customer's unique needs.

We do this by offering a network of critical business resources including business incubation, investment, and mentoring.

Core Commercialization Services

Business Incubation

InNOVAcorp offers business incubation services and facilities to emerging companies, allowing them to reach maturity more quickly and more successfully than would otherwise be possible.

Investment

In*NOVA*corp invests in qualified Nova Scotian companies requiring early-stage financing. Investment can be made at start-up or at any point through to first-stage expansion.

Mentoring and Strategic Information

In*NOVA*corp operates a two-tier mentoring system. Direct support is provided one on one to entrepreneurs through our expert staff and through partnership arrangements with organizations such as NRC's Industrial Research Assistance Program (IRAP) and Canadian Technology Network (CTN). Peer-to-peer and networking support is provided primarily through our business incubation services and facilities. InNOVAcorp offers business counselling and business planning support, as well as access to an extensive network of affiliates and business contacts, database sources to identify industry trends, scientific breakthroughs, competitive analysis, technical data, trademark and patent information, customized to specific needs.

Building New Growth Sectors

In*NOVA*corp is dedicated to supporting technology entrepreneurs and growing knowledge-based industry sectors in Nova Scotia, with a focus on life sciences and information technology. Industry sector development functions include

- developing networks, alliances, joint ventures, and relationships to support industry sector development
- forming teams with public and private-sector participation to pursue business opportunities for Nova Scotian companies
- building relationships with the objective of establishing an investment and financing infrastructure tailored to the needs of technology-based businesses
- collaborating with partners to implement and manage projects that help to create new wealth and jobs in Nova Scotia and create new opportunities for Nova Scotian companies

Performance in 2000–01

In*NOVA*corp has achieved many significant objectives and milestones in the

2000–01 business year, creating opportunities at home—by investing in Nova Scotians:

- InNOVAcorp continues to be an active venture capital fund in the province with five new and two follow-on investments completed or pending totaling $1.78 million of direct investment including
  - a software development firm company focused on on-line 'e-tailing' of made-to-measure clothing
  - a software development company focused on hand-held computing devices in an emergency healthcare environment
  - a company focused on a range of applications for hand-held global positioning devices
  - a telehealth company developing and selling remote diagnostic tools to a range of clients
  - a company delivering breakthrough technology in the field of remote security monitoring
  - a wireless communications company focused on developing new point-of-sale applications for a range of retail sectors
  - a biomaterial company completing clinical trials on their product in preparation for FDA approval.
- We have made a total of 19 new investments from the Nova Scotia First Fund for a total of $7.7 million since assuming the role of fund manager in 1996.
- We incubated 73 resident companies and affiliates at our four sites in Dartmouth, Truro, and Halifax, and graduated 4 companies, and a total of 54 new employees were hired.
- We successfully managed the $1.6-million ACOA and Province of Nova Scotia Life Sciences Industry Partnership to develop business opportunities related to biotechnology, medical devices, and telemedicine and co-sponsored the Nova Scotia Life Science Report Card 2000 baseline study.
- We assisted biotech, medical devices, and health-related information technology companies to attract over $43 million in new capital investments and create 175 high-value jobs.
- We successfully led or participated in the establishment of the Atlantic Genome Centre, Centre for Brain Repair, and UCCB's IT Innovation Centre.
- We hosted a very successful Softworld 2000 during October, with our partners, the Information Technology Alliance of Canada (ITAC) and the Information Technology Industry Alliance of Nova Scotia (ITANS).

- We improved the corporation's technology infrastructure and capabilities by developing a powerful and content-rich intranet, standardizing software and hardware, and launching an IT training program.
- We realigned our business structure and functions to support the current business model and the 15 per cent reduction in annual operating grant.
- We partnered with National Research Council, the University College of Cape Breton, and leaders in the Cape Breton community to develop a proposal for a new information technology innovation centre to meet the needs of the growing information technology sector in Cape Breton and other parts of Atlantic Canada.
- We provided technical, market, and competitive information to over 1,500 client inquiries.
- We assisted over 40 companies with product development and environmental simulation testing.
- We developed a marketing strategy that brands the InNOVAcorp name and image in the life science and information technology sectors.

Priorities for 2001–02

During this plan period In*NOVA*corp's key priorities are to:

- Expand commercialization partnerships with organizations such as Dalhousie University, University College of Cape Breton, and the National Research Council of Canada.
- Work with strategic partners to create a Nova Scotia Life Science Strategy.
- Expand and integrate incubation capabilities.
- Align mentoring, investment, and incubation strategy.
- Work aggressively, with private sector partners, to identify and access sources of seed and early-stage funding.
- Implement a province-wide mentoring network to enhance our commercialization products and services.
- Expand and improve InNOVAcorp's technology infrastructure by developing a powerful and content-rich integrated virtual delivery platform to assist in delivering services to our technology clients in Nova Scotia and elsewhere.

Outcomes and Outcome Measures

All actions carried out at In*NOVA*corp will be judged against our ability to create opportunities at home by investing in Nova Scotians.

In*NOVA*corp will achieve the following outcomes in 2001–02:

- Approve five new equity investments in Nova Scotian companies.
- Partner to lever seed and equity resources.
- Reinforce the InNOVAcorp investment strategy to achieve an ROI of greater than 15 per cent.
- Launch a province-wide mentoring network.
- Launch a virtual delivery platform to assist in delivering services to its technology clients in Nova Scotia and elsewhere.
- Support the establishment of a Nova Scotia life science growth strategy.
- Secure private-sector partners for non-core businesses and activities.
- Deliver uniquely tailored strategic information services to 15 select clients within the incubation/investment portfolio.
- Deliver technology development services to 75 client companies through the Industrial Research Assistance Program.
- Expand the InNOVAcorp "brand" in life sciences and information technology.

Goal 1 ▶ *Achieve business development via relationships.*

Outcome	Indicator	Measure	Target 2004-05	Strategies to Achieve Target
• Growth of the knowledge-based economy in Nova Scotia	• Life sciences and IT as high growth sectors in Nova Scotia	• Incremental growth rate of our target sectors	• Life science and IT exports in excess of $1 billion/year	• Support the development of a Life Sciences growth strategy. • Expand partnerships with Dalhousie, NRC, UCCB, IBM, Royal Bank, TARA, ACOA, CTN, and IRAP. • Develop networks, alliances, joint ventures, and relationships to support IT and life sciences sector development by fostering the growth of individual companies and through project management support for large-scale initiatives.

Goal 2 ▶ *Build a financially viable organization.*

Outcome	Indicator	Measure	Target 2004-05	Strategies to Achieve Target
• A focused, efficient organization with one mandate and one culture	• Increased shareholder value • Expand shareholders	• Capital appreciation • Private-sector investment	• Improvement in net income • 40%	• Divest ourselves of non-core activities. • Implement transition to an expanded ownership model.

Goal 3 ▶ *Achieve competence in technology commercialization and reputation for excellence.*

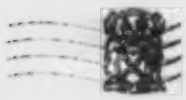
Outcome	Indicator	Measure	Target 2004-05	Strategies to Achieve Target
• Accelerated innovation and commercialization process	• Shareholder value	• Capital appreciation	• Annual return on investment of greater than 10%	• Aggressively promote the In*NOVA*corp "brand" in the growth of the knowledge-based economy. • Align mentoring, investment, and incubation activities. • Expand incubation services. • Launch a province-wide mentoring system. • Launch a virtual delivery platform to assist in delivering services to technology clients in NS and elsewhere.

Financials

Financial Summary

	2000–01	*2001–02*
Revenues		
NS funding	2,610,000	2,219,000
NS funding recognized (Deferred)		
re: Capital assets aquired		-61,000
	2,610,000	2,158,000
Contracted services	1,540,000	742,000
Operating revenue	1,322,000	1,746,000
Investment Write-downs	–930,000	–490,000
Total Revenues	**4,542,000**	**4,156,000**
Expenses		
Operating expenses	3,402,000	2,553,000
Corporate expenses	1,859,000	1,662,000
Amortization	457,000	420,000
Total Expenses	**5,718,000**	**4,635,000**
Operating Income	**–1,176,000**	**–479,000**
Non-Operating Items	**1,043,000**	**36,000**
Net Income	**–133,000**	**–443,000**

Crown Corporation Business Plans



The Nova Scotia Arts Council

Business Plan 2001–02

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Introduction

The Arts Council Act (January 11, 1996) established the Nova Scotia Arts Council/Conseil des arts de la Nouvelle-Écosse (NSAC) and, pursuant to the act, also launched the Nova Scotia Arts Endowment Fund. Creation of NSAC followed nearly 20 years of well-documented community action by individuals and citizens' groups throughout the province. In its initial year, the council established a guiding vision drawn from the legislative objects, as well as governing principles and policies informed by intensive research into arm's-length arts council models in Canada and the U.K., and programs uniquely suited to Nova Scotia's culture and professional arts practice.

The act calls for a council composed of 15 members, with a minimum of one from each of the Mi'kmaq, African–Nova Scotian, and Acadian communities. The council employs a staff of six, including an executive director, three program officers, an office manager/ bookkeeper who doubles as assistant to the E.D., and a receptionist who doubles as a secretary. The organization became fully operational in 1997–98 with the transfer to the program of operating grants to several professional arts organizations previously funded by what is now the Cultural Affairs Section of the Department of Tourism and Culture. Excluded from the transfer process were the four largest non-conserving (i.e., not museums or collecting galleries) arts companies: Neptune Theatre, Symphony Nova Scotia, Mermaid Theatre, and the Atlantic Theatre Festival. These organizations still receive funding directly from the department.

To augment the allocation from government, the council has been successful in securing private-sector funding from the J. W. McConnell Family Foundation (Montreal), MTT, the Nova Scotia Coalition on Arts and Culture, and other private sources. The funding from the McConnell Family Foundation makes possible the unique Arts inFusion Program, which assists many Nova Scotia schools in animating curriculum-based learning projects with input from professional artists. The program has received international acclaim. The MTT contribution is dedicated to the MTT New Media Art Prize, which celebrates Nova Scotian innovation and creative use of Information Technology

(IT) as an expressive medium. The program helps position Nova Scotia as a leader in this critical area and is an example of the increasing intersection of arts and technology.

Mission

The Nova Scotia Arts Council/Conseil des arts de la Nouvelle-Écosse is dedicated to making Nova Scotia a place where artists' voices are heard and the arts will thrive.

Strategic Goals

The overall objects of NSAC are contained in The Arts Council Act. These are front and centre in informing both the annual planning and the day-to-day business of the council. Key elements of these objects include: making the arts integral to the lives of all Nova Scotians; encouraging creative expression and fostering excellence through a peer assessment process of determining artistic merit; and striving to enable regional, cultural, and developmental equity in the distribution of funding.

Goals for the four-year time horizon 2001–05 are more specific. Each goal is consistent with themes articulated by this government:

Goal 1
Apply a fair standard to staff compensation by implementing comparability with similar Crown agencies and government departments, considering job description, responsibility levels, required skill sets, etc. (present levels are below current government standards and other provinces' agency standards).

Goal 2
Eliminate multiple in-year applications by operating fund clients (i.e., eliminate "one-off" project funding for these clients), and increase the success rate of individual artist-applicants in the Creation and Presentation category to approximately 12.3 per cent from the current 9.5 per cent. This will require improved base funding as contemplated in the council's original plan and successive three-year plans.

Goal 3
Implement a new program, Artists in the Community, designed to encourage

creativity and awareness of the value of cultural expression in isolated and rural environments and in historically marginalized or under-funded communities.

Goal 4

Develop and implement a strategy to add substantial private contributions of capital to the Endowment Fund. Income from the fund is legislated to support the programs of NSAC.

Goal 5

In concert with educators, artists, and schools, develop a program to improve upon or replace the successful Arts inFusion Program when private funds are discontinued as contemplated in the existing plan.

Relationship to the Government's Core Message

Every dollar of Nova Scotia Arts Council's support is an investment in Nova Scotians, creating opportunities at home. Nova Scotia's support of the arts through NSAC represents direct opportunities in tourism as well as opportunities for enriching the culture that attracts tourism; opportunities to support the burgeoning cultural industries, which involve, for example, film, television, information technology, and the recording industry; opportunities for early years and lifelong learning; personal fulfilment; opportunities for sharing and reinforcing our sense of community and for improved quality of life in Nova Scotia.

The six goals are closely related to the core message of this government as follows:

Goal 1

Responsible governance implies an equitable employment environment. Crown corporation staff whose skill and responsibility levels are similar to those in government and similar agencies should be similarly compensated. NSAC has maintained a minimum staff complement and has kept salaries at less than comparable levels.

Goal 2

Like the province, arts organizations should have orderly financial houses. Unlike the province, the arts are not involved in macroeconomics, and are vulnerable to even minor disruptions on either side of the ledger. Reducing multiple in-year funding applications will encourage long-range financial and program planning and improve the health of arts organizations.

Goal 3

The Artist in the Community Program will promote creativity and imaginative

resourcefulness. It will engage communities in inventive arts practice and encourage family participation in the arts in a multitude of new ways. Creative challenge through the arts is a natural stimulant to lifelong learning, promotes personal well-being and community cohesion, and provides benefits that are consistent with the best educational stimuli. This program speaks directly to allowing Nova Scotians "to learn throughout their lives and meet the changing needs of the global community."

Goal 4

Arm's length funding for the arts responds to the international trend of increased civic participation in governance. Artistic institutions should be independent of governments in order that governments are protected from making, on their own, choices that could be inappropriate to free and unfettered development of excellence in the arts and regional culture. Historically, direct government intervention in arts and cultural development as opposed to indirect support has often resulted in undesirable outcomes.

Goal 5

Over the long term, the Endowment Fund will stabilize NSAC's ability to support the arts, placing the benefits that accrue to Nova Scotians on a sustainable foundation.

Goal 6

The Arts inFusion Program is evolving into ever-more effective school-based, curriculum-based interaction between arts practice and educational outcomes. Education is a crucial service, and this program has proven to actually improve educational outcomes through the creative interplay of "school" learning and imaginative art making.

It is important to note that the six goals identified by the council are also consistent with the Nova Scotia Culture Sector Strategy, as published by the Department of Tourism and Culture. The strategy identifies priorities for growing Nova Scotia's culture sector.

Core Business Functions

NSAC is in the business of supporting meritorious creative cultural expression through the arts. We do this in three fundamental programs, each of which has subcategories that respond to the full range of arts activity. A key issue for the council continues to be striking the appropriate balance between (a) support for organizations that promote Nova Scotia as

a province rich in cultural and artistic expression and (b) support for important projects by individual professional Nova Scotia artists.

- Grants to Individuals are primarily awarded for creation and presentation of works by those individuals. This may include activities and creation in music, visual arts, literature, dance, theatre, media arts, other complex forms of cultural expression that may combine these disciplines, and the community and educational manifestations of such projects.
- Project grants to organizations and small groups permit commissioning, development, and production of new works, touring throughout the province, and professional development for artists.
- Operating (sustaining) grants to organizations underwrite client companies' ability to produce, perform, administer, exhibit, or otherwise make artwork available and accessible to Nova Scotians and their guests from away.

A separate programmatic area is the council's management of specific awards that are funded by outside sources through the Endowment Fund. An example is the MTT New Media Award, completely privately funded, which will award a $10,000 annual prize (for five years) recognizing excellence in technology-based creative expression.

Grants to Organizations and Small Groups (calendar 2000)

Project Program

- Total number of applications for funding: 201
- Total amount requested: $1,354,888
- Total number of successful applications: 61 (30 per cent success rate)
- Total amount granted: $287,742 (21 per cent of requested amount)
- Number of projects approved but for which there were insufficient funds: 77
- Shortfall in funding for projects considered worthy: $600,811

NSAC receives increasingly clear, confident, well-conceived, and realistic proposals from organizations and small groups that seek project funding.

With the funds available NSAC has supported artistic innovation such as Scotia Festival of Music's commission and performance of "The Set," an original composition by Scott MacMillan, which brought together four master Cape Breton fiddlers and a string quartet. Another collaboration made possible by funds from the

Production/Presentation programs was the Eastern Aboriginal Arts Collective's "Café" series where emerging and senior aboriginal writers, visual artists, and performers from across Canada shared their work, experiences, knowledge, and ideas. We assisted Clare's Le Groupe Blou with a highly successful tour of France and the Nova Scotia Mass Choir to perform in the prestigious "On Stage" concert series at the CBC's Glenn Gould Studio in Toronto. Successful applicants continue to report the importance of these project funds to carrying out their goals.

Operating Grant Program

- Total number of applications: 20
- Total amount requested: $448,070
- Total number of successful applications: 19 (95 per cent success rate)
- Total amount granted: $279,000 (62 per cent of requested amounts)

This program responds only to approved organizations that qualify for sustaining operational support. Because NSAC was able to protect most of the funding for this grant category in the face of the 15 per cent cut, clients successfully carried out activities as planned, with minor adjustments. In some cases, where the operating grant is such a small percentage of revenue and when operating clients have to rely on project funds for new developments and initiatives, artistic growth and innovation were drastically curtailed this year, particularly in the performing arts organizations. Inadequate administrative and marketing infrastructure continues to be a problem for some organizations. Nova Scotia arts organizations achieve impressive results with very few resources, but many are at or close to a crisis point.

Program of Grants to Individuals (calendar 2000)

The success rate of qualified applicants to the program that supports artistic creation is 9.5 per cent. In the most recent year-long application cycle, 16 per cent of eligible applicants in all programs for individuals were successful. This rate is extremely low compared to similar programs in other provinces. For example, in Saskatchewan, the Arts Board's Individual Assistance program has a success rate of 25 per cent.

A brief list of projects reveals that important works of art are the result of the program of grants to individual. The impact of NSAC funding in literature saw publication of several prose writers and poets as well

as acknowledgement by the community through awards and recognition. Don Domanski won the Canadian Literary Award for Poetry for work supported by a Creation Project grant. As well, the work was published in *Saturday Night* magazine. Don acknowledged the contribution of the NSAC in accepting the award. Anne Simpson's *Light Falls through You* was published this year by McClelland and Stewart to rave reviews. The book is the culmination of work created through a Creation grant. As well, NSAC supported Sue McLeod, Sue Goyette, and Donna Morrissey, the award-winning author of *Kits Law*.

The Visual Arts sector saw funding to Creation and Presentation that took on international importance through the exhibition and recognition through various news media. Suzan Akins and Sam Rogers received funding to create a new woodblock print that served as both exhibition piece and educational tool. The artwork itself showed the 40-stage process that lead to the final piece and became part of an international traveling retrospective exhibition of the artists' work. Recipient Holly Carr of Kings County was recognized by news media as one of the bright up-and-comers in the province. Justin Augustine, an emerging professional from the African Canadian community, currently has his work on view at the Dalhousie University Art Gallery.

In dance, NSAC supported the creation of new work by Sally Morgan, a young dancer/choreographer who will present during the Dance Festival in February 2001. This young artist was also selected for professional development to work with the EDAM (Experimental Dance and Music) group in Vancouver, BC. Sheilagh Hunt received a Creation grant to create a dance piece that incorporates music created by Matthieu Keijser and sculpture by blacksmith John Little, each of whose art was also supported by NSAC.

In theatre Jose MacDonalds' *Halo* was presented by Two Planks and A Passion Theatre of Canning after its text was created with the council's support. Kenneth Wilson-Harrington performed a one-man play by Ed Macdonald at the Toronto and New York International Fringe Festivals.

With NSAC support, musicians Skip Beckwith, Sandy Moore, Steven Naylor, Phil Sedore, Carol Godsman, and Kamila Nasr created a large body of work for presentation by jazz groups and Symphony Nova Scotia, and for personal performance opportunities.

Media artists Ariella Pahlke, Jennifer Tilley, Sean Kelly, and Lulu Keating who are helping integrate information technology and the arts were assisted by NSAC this year.

Arts inFusion Program

Funded primarily with private foundation support, this arts integration program has been a model of success in meeting its primary objectives, according to two separate evaluations. A national evaluation (by the University of Ottawa) looked at similar programs across the country as well as this one in Nova Scotia, and the other evaluation was a non-comparative study by experts on arts in education within the province. Evaluation results are unambiguous: the program is having a positive impact upon curriculum-based learning outcomes, as well as on intellectual and emotional development, especially among socially marginalized and academically weak students.

While this program has been successful in achieving its objectives, it has reached a point at which it should evolve to a new stage. We are about to enter the second and final phase as funded by the J. W. McConnell Family Foundation. Nova Scotia Arts Council has tested the concept of arts-integrated teaching in Nova Scotia, and it works. In Phase II NSAC will promote the concept among the province's professional teachers and artists and help foster the relationships among artists, schools, and their communities. The mechanisms for doing so are relatively straight forward, but those that will be most effective require funding. To meet the need for training, we need increased funding to

- hold orientation sessions with new participants
- run professional development sessions for teachers and artists new to the concept so they can acquire the skills required to develop working relationships independent of the program (the foundation will be contributing to this effort, however, the fund is small and is meant to be matched by other partners)
- work with the teacher-training institutions in the province to train pre-service teachers in arts integration teaching techniques
- bring program participants together regularly to further develop their skills and the concept of arts integrated teaching

Priorities for 2001–02

NSAC proposes to move forward on the goals as follows:

Priority 1
Attain, insofar as possible, Goal 1.

Priority 2
Develop the strategy to ensure increased capital contributions to the Endowment Fund (Goal 5).

Touring Program to Be Cut

Within the program of grants to arts organizations, the touring program, which permits performing arts companies to tour within and/or outside the province, will be eliminated.

Grants to Organizations to Be Cut

As the result of the further reduction in allocation to NSAC by $25,000, the Program of Sustaining Grants for Arts Organizations will be cut by $25,000.

Outcomes and Outcome Measures

The council compiles appropriate statistics in determining progress and outcomes. As a granting agency we are able to point to the successes of clients, while our own success is measured in the selection of meritorious grant recipients and monitoring their ability to carry out their own plans. Many measures used in this process are not purely quantitative but are necessarily subjective and are therefore dependant upon the authority, expertise, and agreement of practitioners, scholars, and critics in the creative arts. In reviewing programs over the next year, reporting requirements and measures will be examined for their thoroughness and rigour.

Communications

The Nova Scotia Arts Council is keenly interested in making its presence known and its purposes understood throughout the province.

- All of our grant recipients acknowledge support from the province through NSAC.

- Council members have taken their time to voluntarily tour the province to provide face-to-face information meetings and to listen to the concerns of communities from Yarmouth to Sydney.
- Our annual report and newsletter are distributed to an ever-growing database of people interested in NSAC's activities.
- We capture e-mail addresses and send e-mail bulletins between issues of our newsletter.
- NSAC Staff regularly meet in liaison with Department of Tourism and Culture staff.
- The council Chair and Executive Director meet from time to time with the Minister and Deputy Minister to discuss matters of mutual interest.
- Our website, www.novascotiaartscouncil.ns.ca, is up and running and updated regularly. The number of people visiting the site continues to grow. Artists and educators can get complete program information, arts news, links, and practical items, including application forms from the site.
- The Endowment Fund, under the auspices of NSAC, will begin to communicate fundraising messages to selected audiences.
- The Executive Director is developing a plan to tie all public information/public education and communication elements together into a consistent, useful, and powerful package.

Human Resources

NSAC's human resources issues are discussed earlier in this paper, under "Goal 1." Staff performance evaluation procedures are formalized. Staffing is at the minimum level consistent with the objects of the legislation and the policies and practices outlined in the council's formal governance and policy manuals. Due to reduced funding in the current year, incremental increases that had been previously agreed to were abandoned. The council has since analysed staff remuneration levels with the help of the Nova Scotia Government Employees' Union and analogous agencies. The budget presented here reflects the minimum adjustments required to place staff salary levels in the appropriate range for each job description.

Budget

The revised proposed budget (attached) recognizes action only in the first priority outlined in this document. The development of a fundraising plan intended to increase the endowment will depend upon existing resources and increased effort by the council's volunteer members. Other priorities will remain in planning.

Estimates of Projected Revenue and Expenses

Fiscal Year 2000–01 and Revised Proposed Budget for 2001–02

	Budgeted 2000–01	*Proj. Yr. end Mar. 31, 2001*	*2001–02*
Income			
Provincial Grant	1,263,600	1,263,600	1,238,600
McConnell Foundation	90,500	90,500	90,500
MTT New Media	27,000	0	0
Deferred Revenue recognized	76,714	69,256	7,458
Transfer fm. Endowment fund	0	0	61,597
Other	19,000	21,186	21,000
Total Income	**1,476,814**	**1,444,542**	**1,419,155**
Outflow			
Grants and awards			
Programs for Individuals	394,000	394,000	394,000
Programs for Organizations	551,000	551,000	496,000
Arts inFusion—Project delivery	90,000	98,400	90,000
MT&T New Media Awards	25,000	0	10,000
Total Grants, Awards and Prizes	**1,060,000**	**1,043,400**	**990,000**
Program Delivery Costs			
Salaries & benefits, Program Officers	118,450	116,994	125,314
Travel-Officers (Individuals)	3,550	3,550	3,500
Travel-Officers (Organizations)	3,550	3,550	3,500
ArtsSmarts Costs -Admin	15,500	15,500	10,500
Assessments-Juries	26,014	30,258	30,000
Meetings	686	686	600
Total Program Delivery	**167,750**	**170,538**	**173,414**
Administration expense			
Salaries & benefits, Admin.	116,280	102,462	127,075
Travel—Executive Director	8,000	10,359	8,000
Board honoraria, travel, meetings	14,900	13,098	21,000
Office Rent (note 4)	26,700	26,430	32,666
Supplies and Services	64,500	61,072	50,000
Professional Fees	12,000	12,955	13,000
Public Relations	3,000	0	0
Capital exp. (furn. & equip.)	0	728	2,000
Miscellaneous	3,684	3,500	2,000
Total Admin. Expense	**249,064**	**230,604**	**255,741**
Total Outflow	**1,476,814**	**1,444,542**	**1,419,155**
Net Surplus(deficit)	**0**	**0**	**0**

Nova Scotia Beef Commission

The Nova Scotia Beef Commission, established under the Beef Commission Act, has not been active in recent years. The process to wind up the commission is under way with the planned repeal of the legislation during the upcoming sitting of the Legislature. The commission does not have any assets. All of the commission appointments have expired, and there are no regulations.

Crown Corporation Business Plans

Nova Scotia Business Incorporated

Business Plan 2001–02

Nova Scotia Business Incorporated (NSBI) was created under the Nova Scotia Business Incorporated Act (Chapter 30 of the Acts of 2000). Certain sections of the act came into effect upon Royal Assent, with the balance to be proclaimed prior to the corporation becoming operational. This is anticipated for the first quarter of fiscal year 2001–02.

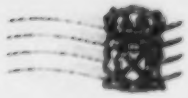
The object of the corporation is to promote economic development in the province through

- business development, retention, and expansion
- the establishment of new businesses in the province
- trade development and expansion

in accordance with strategic directions established by the Department of Economic Development and the strategic plan of the corporation. The management and control of the affairs of NSBI are vested in a board of directors, which consists of the Deputy Minister of Economic Development and up to 12 members appointed by the Governor in Council. The first board appointments will be made in late March 2001.

On or before September 30, 2001, NSBI is required by legislation to submit to the Minister of Economic Development a five-year plan, including estimates of budgetary requirements for its operation. It will include a detailed business plan for the fiscal year 2002–03.

Crown Corporation Business Plans



Nova Scotia Crop and Livestock Insurance Commission

Business Plan 2001–02

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Introduction

The Nova Scotia Crop Insurance Commission was established in 1968 to provide Nova Scotia farmers the opportunity to manage the risk of production failure. The Nova Scotia Crop Insurance Act was amended in 1978 to provide for the administration of the Livestock Insurance Program and is now cited as the Crop and Livestock Insurance Act.

Crop insurance programs are an integral part of the risk management policy of the Department of Agriculture and Fisheries. As a component of the federal safety net envelope, crop insurance premium and administration costs are cost-shared with the federal government.

Mission

To help stabilize the economy, thus improving the lifestyles of communities through provision of crop and livestock insurance programs for producers of agricultural products in Nova Scotia. These will assist producers in limiting the negative impact of reduced crop yields or production animal losses due to insurable perils.

Vision

A suite of risk management tools with which Nova Scotia's agri-food industry limits negative financial impact at the farm business level.

Strategic Goals

Goal 1

To provide Nova Scotia's agricultural industry an opportunity to manage its risk of production losses through cost-effective insurance programming.

- continued expansion of insurable crops under the edible horticulture sector

- continued investigation of new insurance options, including weather-based derivative products and conventional production-based products for emerging crops
- continued improvements to livestock insurance programs by increasing coverage and expanding on insurable peril designations

Goal 2

To ensure long-term viability of insurance programs through

- responsible governance and management of insurance fund surpluses
- investigation of cost effective reinsurance to protect fund surplus
- due diligence in administrative cost control and claim verification

Goal 3

To deliver service in all client dealings through

- responding to client inquiries without error and such that appropriate communication/documentation is returned to clients within five business days. This standard applies to
  - requests for information
  - notice of crop damage
  - claims adjustment

Goal 4

To keep abreast of program and policy changes and communicate their impact on commission and industry activities.

- to meet with NSDAF senior management monthly to review impacts on crop insurance programming
- to lead industry discussions surrounding risk management program development

Goal 5

To adopt technological improvements that will enhance the commission's ability to serve its clients.

- to proceed with replacement of present information architecture with a fully integrated user-friendly information management system
- to further incorporate global positioning systems (GPS) as the standard for field of measurement
- to improve customer inquiry turnaround time by developing new applications for hand-held computers

Goal 6

To provide a safe and efficient workplace for our employees through

- continued development of safe work procedures

- supporting professional training and development opportunities

Core Business Functions

The core business function of the commission is to provide insurance plans that will assist Nova Scotia farmers in years of reduced yields. Its major activities are organized by delivery of plans for 21 specific crops and one insurance plan for dairy livestock. The operations under each plan are commonly described as follows:

Field Services

- sales, renewals, cancellations
- underwriting procedures
- production summary data management
- claims adjusting
- client services and inquiries

Planning and Development

- crop and livestock insurance program development
- program evaluations and revisions
- program recommendations, policy development, regulatory updates
- liaison with AAFC, the NSDAF, commodity organizations

Finance/Administration

- premium collections/indemnity payments
- budgeting and planning activities
- financial controls, purchasing
- payroll processing
- liaison with external auditors

Priorities for 2001–02

Operational

- The primary obstacle to the enhancement of present programs and to the development of new ones is the information management architecture in place at the commission. Information is handled in TAS Professional, a DOS-based database program that has been in place since 1988 and is no longer supported by its manufacturer. The IT Corporate Service Unit provides limited emergency support. This has proven inadequate for regular maintenance and cannot support new program development. A project team made up of IT-CSU and commission staff has been

formed, and the initial description of system requirements is under way. Phase II, a search for a compatible system to buy will begin early in 2001. Project completion is expected in the spring of 2002.

- Regulations will be revised to comply with government's initiative to reduce red tape. All crop insurance regulations will be reviewed and updated to describe, in plain language, how plans operate.
- Coverage levels for all eligible crops will be revised to offer increased protection. Where criteria set out under the Canada–Nova Scotia Crop Insurance Agreement are met, producers will be offered the option of choosing coverage up to 85 per cent of their average insurable yield.
- Weather event–based products for managing financial risk will be developed, on a pilot basis. These may involve insuring one or more weather events such as the accumulation of heat units or moisture levels at a predetermined site in the province.

Administrative

- Effective April 1, 2001, the commission has agreed to re-enter the federal reinsurance plan despite its shortcomings. It will continue to investigate options for a new reinsurance plan within the federal framework. It will also continue to investigate protection options available from private reinsurers.
- The commission will host a National Research Forum on Crop Insurance in May 2001. Over 40 delegates from all provinces will meet in May to discuss developing technologies and methodologies surrounding crop insurance.

Human Resources

The Crop and Livestock Insurance Commission consists of a six-member board appointed by the Governor in Council. Board members' appointments are normally for two or three years and are often renewed for a successive term(s).

The current staff complement includes nine full-time permanent employees. Seasonal workers are used to supplement field activities during peak seasons.

Staff training and development continue to be a priority to meet the stated goals and to continue to improve programs and services. Staff training relative to requirements of occupational health and safety regulations will continue during the next fiscal year.

Information Technology

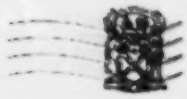
During the past two years all mission-critical hardware was replaced or upgraded as required to address Y2K concerns. All software was also tested and upgraded or replaced as required. Limited functionality and an antiquated programming platform in our current information management system are a major obstacle to service delivery.

Budget

The commission budget is included in the budget estimates of the Department of Agriculture and Fisheries. The Crop Insurance Agreement with AAFC provides for reimbursement of one-half of the administrative costs relative to crop insurance. Administrative costs for other programs administered by the commission are not eligible for this cost sharing. Premiums paid by producers and the federal government are not included in the budget values provided.

1999–2000 Actual	2000–01 Estimate	2000–01 Forecast		2001–02 Estimate
$381,100	$395,900	$423,100	Salaries and benefit	$450,000
$156,200	$144,300	$186,500	Operating costs	$234,400
$158,000	$155,000	$175,000	Grants and contributions	$175,000
$695,300	$695,200	$784,600	Gross expenditures	$859,400
$(263,300)	$(272,000)	$(297,700)	Less recoveries	$(334,400)
$432,000	$423,200	$486,900	Net expenditures	$525,000

Crown Corporation Business Plans



Nova Scotia Farm Loan Board

Business Plan 2001–02

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Introduction

The Nova Scotia Farm Loan Board is an agricultural development agency serving the needs of agriculture and forestry through the provision of long-term credit at fixed interest rates. The board is Canada's oldest government agency lending exclusively to the agricultural industry. For more than 68 years, the Nova Scotia Farm Loan Board has served government through financing development and providing financial counselling for the agricultural industry and rural Nova Scotia. The board further serves rural Nova Scotia through the administration of the Timber Loan Board and programs and policies for the Department of Agriculture and Fisheries. Five individuals who have had successful careers in agriculture and business govern the policies and operations of the Nova Scotia Farm Loan Board and Timber Loan Board. The board members, in concert with the 18 full-time staff, serve the agricultural industry through the implementation of policy and procedures that provide responsible governance.

The board has provided long-term loans to the agriculture industry when no other sources of financing were available. Most of the agricultural industry, as we know it today, has been developed through financing from the board.

The need to provide stable financing and effective financial counselling has been identified as a priority in rural Nova Scotia in the years ahead. By investing in Nova Scotians and creating opportunities within Nova Scotia we can build stronger futures for rural Nova Scotians. Some of the main challenges that can be addressed in the rural sectors are

- consolidating and expanding operations
- relocating individuals seeking rural properties
- stewardship of resources
- identifying opportunities in agri-tourism, farm-based value-added businesses, and diversification to allow for global competitiveness
- changes in programs and program delivery
- lifelong learning skills to meet the changing needs of the global community

- allowing the province's economy to grow by supporting infrastructure development
- encouraging an economic atmosphere that will allow Nova Scotians to build stronger futures within the province

The board continues to provide valuable credit services to rural Nova Scotia. The board's current loan portfolio totals approximately $164 million, involving more than 1,427 accounts. This funding represents approximately 60 per cent of the long-term debt and 35 per cent of the total debt of Nova Scotia's farmers.

The Timber Loan Board has a portfolio of 19 accounts totalling $1.8 million. The Timber Loan Board assists in the acquisition of forested land for forest product mills. The loans are extended to ensure that forest mills have a sustainable wood supply for the future, which increases or maintains employment levels. Since 1965, when the Timber Loan Board was created, the timber industry has changed dramatically. Industry and staff of the Department of Natural Resources have identified the need for changes in regulations. During 1998–99 the board reviewed and recommended changes in regulations for the Timber Loan Board. These are currently under review by the Department of Natural Resources. The timber industry is an important part of the board's activity. Throughout this document, references to agriculture or timber are intended to take into consideration both industries and the specific needs of each industry.

Legislation

The originating legislation for the board traces back to 1912.The board's most active role in financing rural Nova Scotia is generally considered to have started in 1932.

The board operates as a corporation of the Crown under the authority of The Agriculture and Rural Credit Act (RSNS 1989, c. 7). The emphasis of the act is on the effective use of credit to develop rural Nova Scotia.

The Timber Loan Board's authority is from regulations made pursuant to the Forests Act (RSNS 1989, c. 179). This act provides for credit to acquire forested land for forest product mills.

Alliances and Linkages

Strategic alliances and linkages are a necessary component of the daily activity of the board to allow for continued development in agriculture. Over the years the

board has provided supplementary benefits through its strategic alliances and linkages. These occur primarily with the Department of Agriculture and Fisheries but have also included other departments and other organizations involved in rural Nova Scotia. Some of these alliances include

- agriculture and forest industry
- lending institutions
- Department of Natural Resources
- Department of Finance
- Department of Justice
- Department of Economic Development
- Department of Tourism and Culture
- Department of Environment and Labour
- Service Nova Scotia and Municipal Relations
- Nova Scotia Federation of Agriculture
- colleges and universities
- Agriculture and Agri-Food Canada
- Canadian Farm Management Institute
- extension to farmers and farm groups for educational purposes
- service groups to the public, including:
  - legal professions
  - appraisal professions
  - accounting professions
  - agricultural consulting professionals
  - other government agencies and departments

Mission

To promote, encourage, and support the development of agricultural businesses in Nova Scotia.

Strategic Goals

The Nova Scotia government's objectives are to create opportunities at home by investing in Nova Scotians.

The board operates as a corporation of the Crown in concert with the Department of Agriculture and Fisheries.

The main activities of the Department of Agriculture and Fisheries are to:

- Encourage sustainable resource management in agriculture and fisheries.
- Provide economic development and industry opportunities.

- Provide lifelong learning and development skills.

The board's strategic goals support the government and the department by

Goal 1

- focusing on access to stable, cost-effective, long-term developmental credit

Goal 2

- identifying and analysing growth opportunities for rural industries

Goal 3

- promoting awareness and use of financially sound business principles

Core Business Functions

In order to carry out the board's mission and that of the Department of Agriculture and Fisheries, the board is involved in the following three core businesses:

- Providing long-term loans for the development of agricultural and timber businesses.
- Providing financial counselling and/or project assessments of rural operations.
- Assisting in sourcing the best available credit for rural operations.

Performance in 2000–01

The province's agriculture and food industry has changed a great deal in the past decade. The Nova Scotia Farm Loan Board recognizes the positive benefits of change. The board has been proactive in meeting its clients' needs while providing a range of services when, and as, required. By providing access to capital, the board estimates that over 1,200 jobs have been maintained and 284 new employment opportunities have been created in agriculture. Information compiled indicates that lending activity has created over $22 million in increased client annual cash flow, $9 million directly to construction-related materials, plus $5 million to construction industry labour.

Initiatives undertaken with respect to specified goals in 2000–01 were:

Goal 1:
Focus on access to stable, cost-effective, long-term developmental credit

- Provided counselling to 1,427 clients and for over 200 new applications and projects.
- Extended approximately $28 million in loans to the agriculture and forestry industries.

- Provided counselling to over 50 new entrants to the agricultural industry.
- Continued to restructure loans resulting in savings to clients.
- Investigated providing loan guarantees through the Farm Improvement and Marketing Act.
- Identified potential replacement options for the board's computerized loan administration and accounting systems.
- Enhanced administrative services through the use of new technology.
- Enhanced operational procedures through the incorporation of communication, quality, and service teams.
- Conducted a client survey on board policy and staff service, with returned surveys indicating a high degree of satisfaction with board policy and staff service.
- Enhanced the utilization of client services through the website.

Goal 2:
Identify and analyse growth opportunities for the agricultural industry.

- Reviewed and analysed over 200 applications and projects.
- Financed new opportunities in agritourism and value-added production.
- Reviewed recommendations for regulation changes for the Timber Loan Board.
- Assisted in the development and implementation of a New Entrants to Agriculture Program with the Department of Agriculture and Fisheries and the Nova Scotia Federation of Agriculture.
- Developed and implemented a New Market Opportunities Loan Program for the beef sector.
- Reviewed the criteria to establish a New Market Opportunity Loan Program for the apple sector.
- Enhanced client services through the website.

Goal 3:
Promote awareness and use of financially sound business principles.

- Provided educational material and presentations to industry, universities, and other sectors of government.
- Provided financial extension information, including transition management and estate-planning seminars for the agricultural community and the Nova Scotia Department of Agriculture and Fisheries.
- Strengthened strategic alliances with all stakeholders in agriculture to foster future improvements.
- Assisted in the development and implementation of the 1999 Accelerated Weather Related Program in concert

with the Department of Agriculture and Marketing and the Nova Scotia Federation of Agriculture.

Priorities for 2001–02

In keeping with goals outlined for the board, Department of Agriculture and Fisheries, and government, the following represents the board's action plan for 2001–02.

Goal 1:
Focus on access to stable, cost-effective, long-term developmental credit

- Continue to counsel clients and assess new proposals by applicants.
- Provide $28 million of loan capital to the agricultural and timber industries.
- Implement Timber Loan Board regulations upon acceptance of recommended changes to the Timber Loan Board regulations.
- Continue to review flexible loan instruments with industry and other lenders.
- Continue to refine the loan approval process.
- Continue to enhance loan administration services through the use of new technology.
- Assist the Department of Agriculture and Fisheries in providing province-wide program delivery through a team approach.
- Continue to blend the land lease programs into the loan program.
- Administer a New Entrants to Agriculture Program.
- Encourage farmers to utilize sound environmental and business planning practices and procedures.
- Seek authorization for increased lending limits for the board.

Goal 2:
Identify and analyse growth opportunities for rural industries.

- Continue to review and analyse applications and projects.
- Further review the potential for expansion and development of industry sectors.
- Assist in identifying the specific sectoral needs for credit, and work with the Department of Agriculture and Fisheries and the Department of Natural Resources to implement the appropriate initiatives.

Goal 3:
Promote awareness and use of financially sound business principles

- Continue to counsel existing and new clients.

- Continue to participate with industry, government departments, and other lenders to improve business and financial information.
- Administer the New Entrants to Agriculture Program on behalf of the Department of Agriculture and Fisheries.
- Administer the 1999 Accelerated Weather Related Program on behalf of the Department of Agriculture and Fisheries.
- Investigate various options to reduce risk for beginning farmers.
- Participate in transition management teams with the Department of Agriculture and Fisheries and the Canadian Farm Management Council.
- Explore new flexible loan programs in concert with the Department of Agriculture and Fisheries and the Nova Scotia Federation of Agriculture.
- Continue to refine systems to enhance services through technology.

Outcomes and Outcome Measures

As stated previously the goals of the board are to:

- Focus on access to stable cost- effective long-term developmental credit.
- Identify and analyse growth opportunities for agricultural industries.
- Promote awareness and use of financially sound business principles.

In order to achieve these goals the board has developed outcomes, indicators, measures, targets for 2004–05, and strategies to achieve these targets. These details are reported in the following table.

Outcomes and Outcome Measures

Goal 1 ▶ *Focusing on access to stable cost-effective long-term developmental credit*

Outcome	Indicator	Measure	Target 2004-05	Strategies to Achieve Target
• Sustainable agricultural and forest industry	• Total farm gate sales	• Farm gate sales	• Industry stability	• Work with industry, government, and Nova Scotia farmers
	• Farm income levels	• Farm income	• Increasing income levels	• Lending to meet long-term stable financing needs • Financial counselling • Encourage value adding and farm diversification • Provide financing options for environmental farm-related improvements • Administer programs strategically targeted to industry by government
• Development of agricultural operations	• Lending activity	• Annual loan advances	• Increased advances	• Work with industry, government and Nova Scotia farmers. • Lending to meet long-term stable financing needs • Financial counselling • Encourage value adding and farm diversification • Provide financing options for new technology development and adaptation
	• Farm income levels	• Farm income	• Increasing income levels	• Lending to meet long-term stable financing needs • Financial counselling • Encourage value adding and farm diversification • Administer programs strategically targeted to industry by government
• Maintenance and creation of jobs in rural Nova Scotia	• Jobs maintained or created from lending activity	• Creation and maintenance of jobs reported in client surveys	• Maintain and create job opportunities in rural Nova Scotia	• Provide long-term stable financing • Provide project assessment and financial counselling • Support job growth initiatives • Review and amend survey indicators

Goal 1 ▶ *Focusing on access to stable cost-effective long-term developmental credit*

Outcome	Indicator	Measure	Target 2004-05	Strategies to Achieve Target
• New entrants establish rural businesses	• New farmers enter into agricultural businesses	• Activity in the New Entrants to Agriculture Program	• Minimum of 30 new entrants per year	• Administer the New Entrants to Agriculture Program • Support and encourage new loan opportunities • Provide financial flexibility in loan assessment • Provide long-term financing • Provide succession, intergenerational and financial counselling to new entrants • Develop new financial options to encourage new entrants to agriculture
• Improved lending programs for the agricultural and forestry industry	• Utilization of lending programs	• Percentage change in loan portfolio	• Increase 5% per year	• Implement appropriate changes to Timber Loan regulations • Promote, encourage, and support financially feasible operations • Provide capital for value-added and diversification of operations
	• Surveys of client satisfaction	• Overall satisfaction rating	• Maintain client satisfaction at 95% or better	• Review current survey to report on client overall satisfaction of service provided • Provide service excellence approach to lending and program administration
	• Loan application turnaround time	• Time required to place a loan	• Less than two weeks	• Complete the Business Process Reviews - Review systems requirements - Implement a new Integrated Loan Management System • Refine Governor in Council process - Allow for accountability at the board level - Obtain an increase in OIC loan limits - Review and implement appropriate changes to acts and regulations of the board

Goal 2 ▶ *Identifying and analysing growth opportunities for rural industries*

Outcome	Indicator	Measure	Target 2004-05	Strategies to Achieve Target
• Growth opportunities are identified and financed	• Lending activity	• Percentage change in loan portfolio	• Increase 5% per year	• Promote, encourage, and support financially feasible operations. • Provide capital for value-added and diversification of operations.
	• Lending activity by sector	• Loans extended to targeted sectors	• Targets will be developed for each sector as new programs are established.	• Review and amend accordingly the New Market Opportunities Loan Program established for the beef sector. • Review options and opportunities with other sector representatives. • Develop identified program opportunities that are market driven.

Goal 3 ▶ *Promote awareness and use of financially sound business principles*

Outcome	Indicator	Measure	Target 2004-05	Strategies to Achieve Target
• Business operations expand their awareness of financial management skills	• Expansion of farm operations	• Change in Nova Scotia farm capital	• Maintain 5% annual increase	• Patient lending • Farm counselling • Knowledgeable and trained staff
	• Annual account write-offs as a percentage of loan portfolio	• Percentage of annual write-offs	• Maintain current levels at 1/4 of 1%	• Patient lending • Farm counselling • Loan follow-up with regular client visits • Referrals to appropriate professionals and other service providers

Communications

To ensure that information concerning the board's policies and programs is available province wide, the board will communicate through electronic vehicles and articles in rural publications. A website is continually updated as the board's policies and procedures dictate.

The board will continue to receive client feedback through a survey process. This is an ongoing process established by the board. Based on survey results the board will continue to improve and modify systems and processes to allow for improved service delivery. The returned surveys indicate that clients have a high degree of satisfaction with the board's service (95 percent). The main concern remains for staff to focus on loan processing and turnaround time. Thus, the board will continue to improve processes and policies to address client concerns, where warranted.

To properly determine whether the board is cost effective, systems are in place to track activities so that the board can review its mandate and communicate its future direction for an ever-changing industry.

Human Resources

The board is responsible to the Minister of Agriculture and Fisheries. Staff, through the Chief Executive Officer and Director, report to the board and to the Executive Director of Industry Development and Business Services of the Department of Agriculture and Fisheries.

In recent years, staff have faced rapid changes in both the industry and department, with new priorities and changing job roles and the challenge to work differently. Having a well-trained, highly motivated staff is critical to achieving business plan priorities. There is currently a vacant loan officer position in our Kentville Office. Efforts are being made to fill the position on a priority basis within the confines of the Human Resource approval process.

Staff training and development will continue to be a priority to meet the stated goals and continue to improve program and service delivery. In addition requirements of Occupational Health and Safety training will continue during the next fiscal year.

Information Technology

The board, as a loan service provider, partners with many other financial lending institutions. In order to be successful, the board must provide its clients with a level of service that meets or exceeds that of other lending institutions. The key service advantages of the board are the ability to be flexible and the ability to provide financial counselling to clients to make the operation successful. Basic client services must keep up with industry standards in order to assist in the success of the individuals involved. The board also requires the flexibility to adapt to new business practices, as required, through implementation of new funding programs or industry change.

A needs assessment has identified new system requirements. An integrated loan management system to replace existing stand-alone system components, provide automation of manual processes, and serve as a tool for streamlining business processes is being investigated.

The board continues to evaluate potential software programs. Once the evaluations are completed and a suitable program is identified, the board can move forward with the implementation of an integrated system that will meet its business requirements. This will enable the board to be more efficient and flexible with respect to client services. Specifically the change in systems will address our clients and the board's desire to have service excellence.

Budget

Nova Scotia Farm Loan Board Budget Recognizing Net Interest Allocation

In keeping with the government's ongoing commitment to achieve a balanced budget, the board in previous regulation reviews has moved to a matched funding loan program that would allow for cost recovery. The board has been tracking the cost and revenues related to interest on loans established after July 1, 1997. The revenue expense projections related to the board have allowed the board to move from net losses prior to fiscal 1997–98 to reporting and forecasting net income after fiscal 1998–99. The board projections indicate future positive returns to the province for fiscal 2000–01 and 2001–02.

1998–99 Actual $ (000)	1999–2000 Actual $ (000)	2000–01 Estimate $ (000)	Description	2001–02 Projected $ (000)
$11,733	$12,048	$12,544	Interest	$13,100
	523		Demutualization Proceeds	
179	334	450	Fee Revenue/Recoveries	450
14	115	0	Other	
$11,926	**$13,020**	**$12,994**	**Total Revenue**	**$13,550**
($10,867)	($10,344)	($9,574)	Interest	($10,400)
(662)	(773)	(836)	Salaries and benefits	(900)
(96)	(381)	(400)	Bad debt expense	(400)
(159)	(138)	(94)	Other operating	(110)
($11,784)	**($11,636)**	**($10,904)**	**Total Expenses**	**($11,810)**
$142	$1,384	$2,090	**Income before Govt. contributions**	$1,740
$821	$911	$930	Government contribution	$1,010
$963	**$2,295**	**$3,020**	**Net Income**	**$2,750**

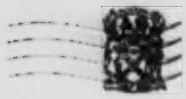
Notes:

See Year-end Financial Statements for complete financial information and notes.

Excludes cost of programs administered on behalf of the Department of Agriculture and Fisheries not part of lending operations.

Interest expense is established under terms of a Memorandum of Understanding arranged with the Department of Finance.

Crown Corporation Business Plans



Nova Scotia Film Development Corporation

Business Plan 2001–02

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Introduction

Nova Scotia Film Development Corporation's (NSFDC) 2001–02 business plan recognizes Nova Scotia's film industry as a growth industry at a crucial development stage. The film and television industry, along with being a multi-million dollar industry, allows Nova Scotians to preserve our culture and display our talent with pride internationally. The film industry is labour intensive, environmentally friendly, and appealing to our youth.

1999–2000 was a record-breaking year for industry production with $130 million spent on film and television projects in the province and the creation of approximately 2500 jobs. The entire province benefits from these results with over 50 per cent of the films being shot outside the Halifax area in places such as Shelburne, Chester, Lunenburg, Windsor, Cape Breton, and Ships Harbour. Appendix A includes a growth chart depicting the impressive increase in Nova Scotia's film activity as a result of our many talented filmmakers and the strategic investments made by the province of Nova Scotia.

Corporate Overview

Legislation and By-laws

Nova Scotia Film Development Corporation Act—BILL NO 42

By-laws of the Nova Scotia Film Development Corporation

Nova Scotia Film Tax Credit

Administrative History

The Nova Scotia Film Development Corporation was created in 1990 as a provincial Crown corporation following a study evaluating the economic potential of the film and video industry in Nova Scotia as a cultural industry. It was created under the Film Development Corporation Act. Initially the corporation reported to the Minister responsible for Culture and in 1993 responsibility for the corporation was transferred to the Minister of Economic Development and Tourism. (In 1999, Tourism was removed from this department).

A board appointed by the Governor in Council directs the affairs of the corporation. Members of the board are appointed for up to three-year terms and may be appointed for no more than two consecutive terms. The administration of the

corporation and its programs and the implementation of the board's decisions are carried out by the Chief Executive Officer and other full-time staff of the corporation. The Chief Executive Officer reports to the board and has chief responsibility for all programs administered by the corporation. A Chief Financial Officer, Program Administrator, Director of Learning and Development, Locations Officer, FITAP Administrator and a Secretary/Receptionist assist the Chief Executive Officer.

Organizational Structure

Mission

To grow the film and video industry in Nova Scotia by stimulating investment and employment, and by promoting Nova Scotia's locations, skills and creativity in global markets.

Strategic Goals

Financial

Goal 1

Administer public funds in a strategic and responsible manner

The film and television industry will always require government assistance. This is not unique to Nova Scotia, but is the reality of the rest of the country, Europe, Australia, and most other areas with the exception of the United States. Canada simply does not have the population base, or viewers, required to maintain a self-sufficient industry.

The corporation will, however, make its investment decisions with the following outcomes in mind; employ Nova Scotians, spend funds in the province, promote the province internationally with positive spin-offs resulting in other areas such as tourism, allow Nova Scotians to tell our unique cultural stories, and demonstrate an opportunity for the corporation to recoup some or all of its investment.

Goal 2

Strategically partner with private organizations, the federal government, and other provincial government departments to optimize the resources available for our clients and programs

The corporation will continue to partner with private companies, the federal government and other provincial government departments to continually access more funds required to deliver our programs. Our partners include HRDC, ACOA, Industry Canada, Foreign Affairs, the Department of Education, the Department of Tourism and Culture, regional development authorities, and the private sector.

Client Service

Goal 3

Proactively meet the needs of our clients to assist them in thinking globally, to provide a stimulating business environment, and to help them maintain a competitive labour force.

The corporation will continue to meet our clients' needs through daily interaction, remaining accessible, making regular on-site visits, hosting Producer Summits to highlight current challenges and opportunities, providing relevant professional development seminars, and hosting Broadcaster Forums with national and international representation.

A challenge our filmmakers face is the requirement of federal funding agencies such as the Canadian Television Fund and Telefilm Canada that they produce distinctively Canadian products. Unfortunately these products are not commercial nor do they hold universal appeal. It is our aim to assist our clients to tell universal stories in our unique way. We will continue to encourage the federal funding agencies to move in this direction and in the meantime will assist our clients in attracting private financing and foreign sales.

We will host a market-readiness and pitching seminar so our producers can present their films in the most effective way, and we will arrange a New York trade mission to help our producers tap into this large market, which is located strategically close to our province.

The corporation will organize interprovincial exchanges that will provide an opportunity for our producers to find co-production partners for projects in development.

Goal 4

Provide a streamlined process and stimulating business environment for our clients

The corporation will continue to streamline our guidelines with the goal of reducing red tape and the amount of valuable client time required to read, understand, and fill out our guidelines. We will also continually modify our guidelines and programs to ensure they are meeting our clients' needs and addressing the ever-changing film and television environment.

We will continue to present professional development seminars such as our Business Issues program where industry lawyers, bankers, accountants, insurers, and business planners address our clients on the most current topics of the film and television industry.

Goal 5

Ensure that all areas of the province benefit from our programs and expertise

In making our investment decisions we will ensure that all areas of the province and all groups of people in the province are represented and fairly treated.

We will continue our Film Talk presentations throughout the province. We will host location scout training programs in all regions of the province. We will continue to work with the Regional Development Authorities on projects that promote their individual regions to the film industry. We will offer youth initiative programs and will continue to participate in career days throughout the province.

Lifelong Learning

Goal 6

Provide or support proactive learning seminars required to keep our clients abreast of the ever-changing film and television industry and to ensure that our labour force remains competitive in a global marketplace

- Continue to support training organizations such as the Atlantic Filmmakers Cooperative, the Centre for Art Tapes, the Moving Images Group, and the Shortworks program.
- Continue to work with the Nova Scotia Community College, the Nova Scotia College of Art and Design, the Nova Scotia Film Centre, and other universities and training organizations to ensure that the educational needs of the film and television industry are met.
- Continue to offer the Film Industry Training Assistance program and our youth initiative, Nova Scotia First Works.
- Redesign our calling card program to enable emerging producers across the province to move successfully to the film and television production business.
- Provide innovative learning solutions that enable the Nova Scotian film and television production community to compete globally for business.

Communication

Goal 7

Provide timely and relevant information to our clients and partners to ensure the continued success of our industry.

- Continue to report monthly to our board of directors.
- Continue to post our quarterly newsletter, Reel News, on our website to update stakeholders on our activities, current challenges, and upcoming events.

- Continue to deliver a comprehensive, professional Annual Report where our financial and operational results will be highlighted.
- Continue to present annual business plans and three-year strategic plans.
- Continue to keep the public and government aware of film industry activities through Film Talk and presentations to government caucus, legislative assembly standing committees, and provincial government agencies and to the CRTC, the Department of Canadian Heritage, and other federal government agencies.
- Provide newspaper, radio, magazine, and television interviews on a regular basis with the aim of sharing the success story of Nova Scotia's film industry.
- Continue to advertise in major trade journals and attend film festivals and seminars to promote Nova Scotia's film industry and beautiful locations.
- Continue to update our website, ensuring relevant and timely information is available for our clients.

To remain competitive it is imperative that the existing financial supports, including the film tax credit and the NSFDC programs, are continued. The corporation will

- Continue to track investments and returns that demonstrate the success of our film and television industry and to share this information with all stakeholders.
- Continue to showcase Nova Scotia's talent and locations by sponsoring events such as the Atlantic Film Festival and the Baddeck International New Media Festival.

Global Markets

Goal 8

Ensure our clients possess the tools and information required to compete in a global marketplace

- Continue to host broadcaster forums with representatives from national and international broadcasters.
- Work with Industry Canada and the Department of Foreign Affairs to ensure we have available up-to-date statistics and information on export programs.
- Continue to provide learning solutions such as pitching seminars, market-readiness seminars, and business issues seminars.
- Continue to search for strategic financial partners to provide marketing and distribution funds to our clients. Distribution and marketing present crucial challenges to the film and television industry. Currently, large American companies or large vertically integrated Canadian companies dominate the dis-

tribution channels. Our producers create quality films but they lack the funds to properly market and distribute them. Our goal is to source the funds required to assist our producers in getting their projects to market. By increasing the marketing and distribution efforts in projects that we invest in, we are increasing our opportunity of recouping our investment.

- Organize a New York trade mission.
- Work with the Los Angeles Consulate General's Office to provide more exposure for our filmmakers.

Core Business Functions

To realize our mission statement the NSFDC concentrates its efforts on four core business functions. These functions include

- finance programs
- tax credit administration
- locations department, training and development
- marketing Nova Scotia.

In carrying out its core business functions the corporation is guided by the following principles to ensure we are providing proactive, client-driven solutions for a fast-paced, rapidly changing industry. Our guiding principles include Quality Service, Fairness to Regions and to People, Value for Money, Accountability, Strategic Partnerships, Lifelong Learning, Innovation, Stimulating Business Climate, Communication, and Ability to Compete in a Global Market.

The Nova Scotia Film Development Corporation has two interrelated approaches to development of the film industry in Nova Scotia. Our financial programs are aimed at indigenous filmmakers. The corporation's financial programs include equity investments, development loans, special project awards, training assistance, travel/marketing assistance, and new media development loans and equity investments. Additionally, the Nova Scotia Film Development Corporation administers the Nova Scotia Film Industry Tax Credit Program.

Our second category of programs involves a locations department, which markets the province as a place in which to film. The efforts of our locations department result in co-productions or in attracting fully financed films to Nova Scotia. Our Locations Officer maintains an extensive

library of photographs representing the entire province. The corporation fills numerous location requests throughout the year. Locations packages include information about Nova Scotia, services available, location photographs, and the much sought-after *Nova Scotia Film and Video Production Guide*. For the 13th year Nova Scotia Film Development Corporation has produced a high-quality informative guide to film and video production in the province. The guide is a key tool used by producers and production companies when considering shooting in our region.

Investing in our local filmmakers and locations marketing both contribute to the development of a stable and expanding film industry in Nova Scotia

Indigenous Production

Film Industry Development Programs

The Nova Scotia Film Development Corporation administers several economic incentive programs. These programs are accessible to Nova Scotian producers who may be acting alone or in co-productions with out-of-province producers. In the 1999–2000 fiscal year, seven financial programs were available for Nova Scotian producers: the Equity Investment Program; the Development Loan Program; the Special Project Award; the Training Assistance Program; the Travel/Market Assistance Program; the New Media Fund, and the Nova Scotia Film Industry Tax Credit. In 1999–2000, the corporation had $2.4 million available for investment, and producers accessed $4.2 million through the Nova Scotia Film Tax Credit.

Equity Investment and Development Loans

The corporation will invest in a qualifying Nova Scotian production up to one-third of the production budget to a maximum dollar participation per project of $200,000. Our investment triggers other sources of financing and enables producers to make their films.

The corporation provides development loans of $25,000 per project to a maximum of one-third of the budget. These loans enable producers to develop their ideas to a stage where they can be pitched to investors.

Travel/Market Assistance

The corporation provides assistance for local producers to attend festivals with the goal of selling completed works or attracting co-production partners for projects in the development stage.

Film Tax Credit

The film tax credit is a labour-based tax credit of 30–35 per cent of eligible Nova Scotia labour capped at 15–17.5 per cent of the total production budget, depending on where the production is shot. The tax credit is a key financing tool used by producers to complete their film and television projects.

New Media Fund

The corporation provides both equity investments and development loans for new media projects such as CD-ROMS and Internet-delivered programs.

Training and Development

Film Industry Training Assistance Program (FITAP)

The Film Industry Training Assistance program (FITAP) creates opportunities for on-the-job training experience by encouraging producers to take the risk of promoting crew members to higher levels. The corporation will support up to four trainee positions per project to a maximum of $57,600. This program is designed to increase the expertise of Nova Scotia crews by allowing individuals to receive training through experience.

First Works

The First Works program is a hands-on film and video production curriculum with a work-readiness and leadership development component. Sixteen students in the Shelburne and Sydney areas have participated in the eight-week program where they worked as a team, writing, planning, shooting, and editing two videos. The goal of the program was to open the doors of the film industry to the youth participants, many of whom obtained employment or advanced to further training programs in the film and television industry after completing the program.

Training Organizations

The corporation invests in the continued professional development of our filmmakers through organizations such as the Moving Images Group, the Atlantic Filmmakers Co-operative, the Centre for Art Tapes, and the Shortworks program. The corporation also hosts its own seminars on business development, pitching, and market-readiness.

Nova Scotia Film Centre

The corporation has worked closely with the community and steering committee of a film centre project. Nova Scotia's film training community collaborates in

designing programs such as the NSCC Screen Arts program, aimed at meeting the needs of the film industry.

Special Initiative Programs

Awards

In addition to development and production funding, the corporation has a program of special project awards. Aimed at encouraging emerging producers, the awards are available for projects that contribute significantly to the professional development of the producer. Nova Scotia residents must undertake the projects in this category entirely in Nova Scotia. This category of funding is not available to producers who have already received equity investment for a production from the corporation and is limited to a maximum of $6,000 per project.

Sponsorships

The Atlantic Film Festival. The Atlantic Film Festival hosts public screenings of current films for adults and children, several competitions (both public and juried), workshops and seminars that assist in the development of the industry, and a prestigious awards luncheon that recognizes filmmakers' accomplishments. Each year, work from around the world is showcased, but, most importantly, works by producers in the Atlantic region are featured. This offers local audiences an opportunity to see original works by the region's up-and-coming talent. The corporation views the Atlantic Film Festival as an important development and showcase opportunity for the Nova Scotian film industry and is, therefore, pleased to partner with the festival.

The Baddeck International New Media Festival. The Baddeck International New Media Festival is a celebration of new media content and creativity. It provides an opportunity to showcase local multimedia producers to an international audience. The workshops, keynote addresses, and awards program allow our new media community to explore the many opportunities open to this industry.

Locations Department

Marketing

The NSFDC endeavours to maintain a high profile for Nova Scotia in the international film community through marketing, promotion, and delivery of location and liaison information. The corporation maintains membership in the Association of Film Commissioners International.

The corporation makes presententations at major film industry trade shows and festivals and participates in film industry trade missions. Marketing also includes developing key relationships with studio executives in offshore markets and familiarizing the decision makers with the skills of our crews and the settings Nova Scotia has to offer.

The corporation produces a top-quality production guide, a CD-ROM featuring Nova Scotia locations, and a locations picture book. All of these tools showcase Nova Scotia's varied location shooting possibilities.

The world is discovering all that Nova Scotia has to offer through its diversity of landscapes, cultures, and people. The following highlights service and guest productions that took place in Nova Scotia in fiscal 1999–2000:

- Commercials: $1,800,000
- Documentary $ 50,000
- Feature/MOW: $57,900,000
- News/other: $250,000

In total, the above guest productions spent approximately $60 million in Nova Scotia.

Performance in 2000–01

The corporation provides location services to guest or foreign filmmakers, which includes location library pictures, dissemination of financial support available, and provision of a location scout, and produces the *Nova Scotia Film and Video Production Guide*. The guide lists the individuals and companies involved in Nova Scotia's film and television industry. The NSFDC's guest programs aggressively promote the province as a film location, which resulted in $60 million of offshore monies being spent in Nova Scotia last year. We expect to service approximately 200 specific location requests and attract a significant amount of guest production to the province.

Nova Scotia's film and television industry spent $130 million in the province during the past year, up from $14 million in 1993. Approximately 2,500 jobs were created in the industry, and there are approximately 70 registered film producers. Nova Scotia boasts 5 film crews up from 2.5 in 1998. We expect film production to maintain this level of production or achieve a modest increase due to budget restrictions.

During the past year the NSFDC supported 64 projects that have gone to contract. This includes one television movie, seven television series, two television pilots, fourteen short films, 13 television specials, and 27 development projects. These shows cover documentary, drama, children's, comedy, lifestyle, music variety, and public affairs genres. During the year the corporation has also committed to five projects that have not yet advanced to the contract stage. These projects contributed $70 million to Nova Scotia's economy. As mentioned earlier we do not expect any significant change in these activity levels.

The NSFDC partners with the federal government and private industry in offering training initiatives to ensure Nova Scotia has a skilled labour force able to meet the demand resulting from the increased opportunity.

The NSFDC's Film Industry Training Assistance Program (FITAP) creates opportunities for on-the-job training experience by encouraging producers to take the risk of promoting crew members to higher levels. This program was funded through the Canada–Nova Scotia Cooperation Agreement on Economic Diversification. To date 60 people have advanced through the program, and 53 have obtained subsequent employment at the advanced level. The FITAP program has largely contributed to the increase of our crew levels from 2.5 to 5. We hope to continue offering this program.

The NSFDC received funding from the federal government to offer an eight-week youth training initiative in Sydney and Shelburne. The Nova Scotia First Works Program is a film and video production design course for youth between the ages of 17 and 25 who are out of school and unemployed. Over the two-month program participants partnered with a filmmaker and a work-readiness facilitator, and together they wrote, planned, filmed, and edited a video. The videos were screened at INPUT 2000, an international conference of public broadcasters and independent producers hosted in Halifax in May 2000. The videos were also showcased during the Atlantic Film Festival in September 2000.

The NSFDC has partnered with the other three Atlantic Canada film agencies to access ACOA funds for marketing the provinces as film locations. The corporation uses these funds to cover costs incurred attending film and television

festivals and location trade shows. A portion of these funds will also be used to assist filmmakers attending these same events.

One of the major challenges faced by Nova Scotia's filmmakers is the distance between them and the broadcasters and distributors who are located in Toronto or Montreal. As a service to our filmmakers, the NSFDC hosts semi-annual Broadcaster Forums where we bring key decision makers from each of the major broadcasters to Halifax for two days. During these two days the broadcasters meet with our producers and allow them to pitch television show proposals. These forums have been very successful, and without exception our producers have been able to access licence fee or development monies as a result of these forums. The NSFDC partners with local private companies to cover the costs of bringing the broadcasters to Nova Scotia.

The NSFDC has worked closely with the Nova Scotia Community College (NSCC), NSCAD, and other interested community partners on the advancement of film programs. The NSFDC chaired the NSCC's advisory committee for their Screen Arts and Sound Recording Technicians programs. A report has been commissioned on a film centre, and this report now rests in the hands of a community steering committee that will endeavour to advance the project.

The NSFDC offers other training seminars designed to assist our filmmakers, which include business training seminars, market readiness and pitching seminars, scriptwriting seminars, and location scout training. For all of these projects funds are received from the private industry and the federal government.

The NSFDC provides financial support to other film training organizations, including the Moving Images Group, the Centre for Art Tapes, the Atlantic Filmmakers Cooperative, and Shortworks. The corporation supports the Atlantic Film Festival and the Baddeck International New Media Festival, both of which offer training workshops in their programs.

The NSFDC has partnered with MTT to fund our New Media program. This program provides development loans and equity investments to projects delivered in a digital format such as Internet animation shows or CD-ROM games. Under this program MTT contributes half of the funds.

The NSFDC firmly supports training and development as these programs provide the next generation of filmmakers. The

corporation participated in various Career Fairs promoting careers in the knowledge-based industries such as film and television. We are scheduled to participate in further Career Fairs this fall.

The NSFDC aggressively promotes Nova Scotia as a film location. The corporation advertises in all of the major trade publications, produces a high quality production guide, hosts community meetings throughout the province profiling the film industry, and partners with the regional development authorities to ensure our location library portrays their area in its best possible light. The corporation produced a book and CD-ROM that prominently showcase Nova Scotia's beautiful and varied locations.

The NSFDC consults extensively with industry groups and educational and cultural organizations, including the NSCC, the Department of Education, Skills Nova Scotia, the Canadian Film and Television Producers' Association's Mentorship and Internship programs, and the Women in New Media Awards program. The corporation distributes information on training initiatives and events that benefit our producer clients.

In an effort to ensure that all areas of the province benefit from the film industry the NSFDC launched a series of public meetings throughout the province. Film Talk was presented to 12 areas in the province, and all sessions were highly attended. The corporation briefed these communities on the film industry, its role in Nova Scotia's economy, and the opportunities available for each community's residents.

- The NSFDC spearheaded an effective interprovincial lobby to improve Nova Scotia's and other regional provinces' receipt of national film and video production funding.
- The corporation streamlined our guidelines and website information to reduce red tape and better meet our clients' needs.
- The corporation facilitated frontline communication between the Department of Finance and our producer clients to improve the tax credit administration process.
- The corporation facilitated the economic impact and industry information required to assist the Department of Finance in approving the requested enhancements and extension of the film tax credit.
- The corporation created opportunities for Nova Scotia producers to access key export markets internationally to

increase co-productions, including the UK, Germany, Scandinavia, and the USA, facilitating through organizations comparable to NSFDC.

- The corporation aided in the progress of establishing additional infrastructure to maintain a leading market position in the form of a film school and the establishment of two animation facilities.
- The corporation provided employers in the industry with the best and most up-to-date government partnership tools available by monitoring trends and development in the Canadian film industries.
- The corporation integrated Nova Scotian film production with other successful sectors of the Nova Scotian entertainment industry and created synergy by providing useful programs and services to Nova Scotia's vital new media and music industries.
- The corporation implemented systems designed to increase recoupment tracking.
- The corporation produced, for the 13th year, the Nova Scotia Film Guide.
- The corporation facilitated the introduction of Film Industry Tax Credit regional bonus.
- The corporation facilitated the renewal of the Film Industry Tax Credit to 2002 ensuring stable financing of Film projects produced with Nova Scotians.
- The corporation finalized $4.2 million in tax credits for productions.
- The corporation designed a database in partnership with the Department of Finance to enhance tracking of financial and employment data.
- The corporation informed our clients and partners regularly on our activities through our Reel News newsletter and widely distributed our communications this year by posting them on our website.
- The corporation renewed financing to offer the Film Industry Training Assistance Program for another cycle.
- The corporation renewed financing to offer the First Works Program in the Preston area.

Priorities for 2001–02

During 2001–02 the NSFDC faces many challenges and opportunities. The film and television industry is complex and dynamic. In order to compete in this industry, organizations must stay aware of the ever-changing environment, continually learn, and strategically partner with other organizations with the goal of synergizing talents.

The NSFDC's guiding principles have been adopted to assist us in meeting these challenges and optimizing on the opportunities as they arise. Our goal is to be proactive and poised to take these opportunities, as opposed to being reactionary and failing,"To be the best we can be."

Budget

In fiscal 2000–01 the province faced financial difficulty, and many departments, including the NSFDC, received reduced budget appropriations to assist the province in its goal of a balanced budget. The film and television industry is a growth industry that makes a significant contribution to the province's economy. For each dollar the province invests in the film industry, including tax credit registrations and the NSFDC programs, in excess of $20 are attracted to the province from private investors and the federal government, placing the NSFDC's programs in the position of providing high-value programs at a low cost to the province.

The attached budget reflects a 15 per cent reduction from the prior year's appropriation.

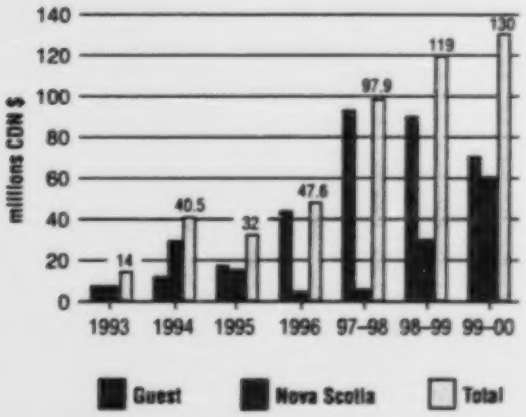
Nova Scotia Film Development Corporation
Budget ending March 31

	2000–01	*2001–02*
Contributions		
Nova Scotia government		
existing programs	$2,371,500	$2,015,500
marketing and distribution programs	—	—
Recovery equity investments	150,000	150,000
FITAP–EDA	275,000	275,000
Federal government	205,000	205,000
Interest income	25,000	25,000
	$3,026,000	$2,670,500
Disbursements		
Programming	$2,049,102	$1,693,102
Marketing and distribution/Training	—	—
Film School	21,398	21,398
FITAP–EDA	275,000	275,000
Atlantic film partners	90,000	90,000
First Works	115,000	115,000
Administrative	363,000	363,000
Advertising/marketing	113,000	113,000
	$3,026,500	$2,670,500
Administrative Expenses		
Salaries and Benefits	$280,000	$280,000
Services and Supplies		
Telephone/fax	$10,000	$10,000
Staff training	3,000	3,000
Bank charges	1,500	1,500
Consultants	8,000	8,000
Courier	5,000	5,000
Dues and fees	3,500	3,500
Insurance	1,500	1,500
Conferences and marketing	4,000	4,000
Board	15,000	15,000
Repairs	3,000	3,000
Capital equipment	2,000	2,000
Office	15,000	15,000
Copier and fax renial	6,000	6,000
Postage	5,000	5,000
Miscellaneous	500	500
	$83,000	$83,000
Total administrative	$363,000	$363,000

Nova Scotia Film Development Corporation
Budget ending March 31 (continued)

	2000–01	*2001–02*
Advertising/marketing expenses:		
Business Travel	20,000	20,000
Locations	32,000	32,000
Advertising	27,000	27,000
Familiarization tour	10,000	10,000
Annual report	8,000	8,000
Location scout	10,000	10,000
Photos and location services	6,000	6,000
	$113,000	$113,000

Growth of Nova Scotia Film Industry 1993 – 2000



	NS	vs.	Guest* (millions CDN $)
1993:	7	vs.	7
1994:	11.5	vs.	29
1995:	17	vs.	15
1996:	43.3	vs.	4.3
97–98:	92.5	vs.	5.4
98–99:	89.5	vs.	29.5
99–00:	70	vs.	60

Source: Nova Scotia Film Development Corporation

* Please note that Guest production refers to non-Nova Scotia projects filmed in Nova Scotia.

Nova Scotia Fisheries and Aquaculture Loan Board

Business Plan 2001–02

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Introduction

Nova Scotia is the leading fishing province in Canada, a nation that is known as a world fishing power. We are fortunate to have a diversified industry that can survive and prosper on its strengths while various segments suffer cyclical downturns. Our commercial fishery alone has an annual landed value of approximately $617 million and a market value of approximately $1.2 billion; and our aquaculture and recreational fishery sectors generate $130 million more. The industry is the main employer in many regions of the province and drives the economies of our coastal communities.

As our fishery moves into the 21st century, we must maintain and enhance the traditional components of the industry, which over time have provided us with success. We must build on these segments, seeking out and developing new opportunities in aquaculture, the recreational fishery, coastal zone management, under-utilized species, and the processing sector. Whether it be with areas of provincial jurisdiction or with the marine fisheries that are administered federally, personnel from the Nova Scotia Fisheries and Aquaculture Loan board must play an active role to ensure that fisheries policies and management strategies are good for Nova Scotia and the industry in this province. Our fishery is more than a way of life, it is a successful business; we must strive to keep it productive and internationally competitive.

The Nova Scotia Fisheries and Aquaculture Loan Board and its predecessor has served the province and the fishing industry since 1936, by providing development funding. The board operates under the authority of the Fisheries and Coastal Resources Act. This act, by its name, emphasizes the coastal community development focus of the board's operations.

Financing the growth of the coastal communities in Nova Scotia can best be accomplished, in continued cooperation with other lenders, through the program and services of the Nova Scotia Fisheries and Aquaculture Loan Board. Through this board the Nova Scotia government will ensure it has a cost effective, positive,

focussed and beneficial influence on the development of the fishing and aquacultural industries and of coastal Nova Scotia.

Mission

To serve, develop and optimize the harvesting segment of the Nova Scotia fishing and aquaculture industries, for the betterment of our coastal communities and the province as a whole.

Strategic Goals

Goal 1

Protect the interests of Nova Scotia as policies are developed for the management of the commercial fishery in Nova Scotia.

Goal 2

Increase production and market value from the aquaculture industry in Nova Scotia.

Goal 3

Assist in the development of commercial fisheries that target non-traditional species.

Goal 4

Optimize the productivity and competitiveness of the boatbuilding and harvesting sectors in coastal communities.

Goal 5

Ensure compliance with provincial acts and regulations.

Goal 6

Replace the older vessels in the fleet with modern efficient boats or upgrade these older vessels to meet today's safety and efficiency standards.

Goal 7

Ensure compliance with federal acts and regulations as they relate to fisheries management.

Core Business Functions

- Representing the Nova Scotia fishing industry at all levels of management consultations such as the Canadian Marine Advisory Council.
- Assisting with the development of new fisheries that target non-traditional species to enhance the harvesting sector.
- Administering loans issued through the Nova Scotia Fisheries and Aquaculture Loan Board.

- Enforcing the Fisheries and Coastal Resources Act and regulations.
- Providing technical and extension support for the commercial, aquaculture, and boat building sectors of our fishing industry.
- Inspecting vessels under construction and all other vessels financed by the board to ensure the security of the loan portfolio, which has an estimated asset value of $100–$135 million.

Performance in 2000–01

- Lending programs for aquaculture are administrated by the loan board, having been transferred from the Economic Renewal Agency four years ago.
- The board has responsibility for the working capital loan guarantee program. This is a five-year, $10-million program to assist aquaculturists with their working capital requirements administered with the chartered banks. The program expires March 31, 2001.
- The board provided funding for vessels to engage in the harvesting of non-traditional species such as sea urchins, rock-crabs, billfish, and inshore shrimp.
- Initiatives to support coastal communities included funding commercial aquaculture operations, working with boatbuilders to encourage the construction of world-class fishing vessels, and board policies that support this sector.
- Loans administered through the loan board are well serviced by clients in the fishing and aquaculture sectors. Successful lending practices are demonstrated by low delinquency levels and few customer complaints.
- The Groundfish Loan Deferment Program was extended until March 31, 2001, which eases the hardships being suffered by groundfishers as a result of quota reductions and area closures.
- User fees have been implemented to generate revenue for the division.
- The lending budget was fully utilized by the fishing and aquaculture sectors, which resulted in an additional approval by Cabinet for advances in the amount of $7 million.

Priorities for 2001–02

- To facilitate the replacement and upgrading of older vessels in each fleet.
- To continue loan board collection activities on a consistent basis with fair and equitable treatment for each customer.

- To minimize write-offs by utilizing wise credit practices when approving or recommending loans.
- To serve the fishing industry by effectively carrying out divisional core functions.
- To obtain some of the profit generated by the loan portfolio from the Department of Finance.
- To have the loan board's lending budget maintained at $21.0 million for the funding of transitional loans.
- To allow fishing licenses to be considered as valued assets for the purpose of determining loan arrangements through the Fisheries and Aquaculture Loan Board. This is a commitment of government as outlined in The Course Ahead.

Outcomes and Outcome Measures

- Full utilization of the loan board lending budget, which demonstrates that the demand for our service exists; gross loans in 1999–2000 totalled $20,908,165
- Maintaining approximately 8,200 direct and indirect jobs in the province's coastal communities
- Low delinquency rates
- Few customer complaints
- Low write-offs and low reserve for bad and doubtful accounts
- The financing of young fishers and young aquaculturists, who are the future in an ever-changing industry
- Consistently high interest revenues
- Offshore demand for Nova Scotia–built boats due to quality construction, which results from rigorous vessel inspections on board-financed vessels
- 137 new loans financing 76 new vessels constructed and 61 other loans, such as vessel upgrades, used boat purchases, and engine/equipment installations

Communications

There are no major initiatives planned in this area for the 2001–02 fiscal year.

Human Resources

There are no major human resource initiatives planned in the fiscal year 2001–02. During the last seven years the loan board's staff has been reduced from 18 to 9 full-time positions, and any further staff reductions would seriously affect the delivery of loan board services to the fishing industry.

The board will require the services of an additional loan officer if we are successful in obtaining additional funding to finance fishing licenses.

Information Technology

All nine staff members have computers, and two are connected directly to the Department of Finance (SAP and Complete). As part of the Department of Agriculture and Fisheries, the loan board has set up a home page on the department's website.

Financial Services

There are no financial service initiatives required for the 2001–02 fiscal year.

Budget

The Fisheries and Aquaculture Loan Board's operating budget is incorporated with the annual budget of the Department of Agriculture and Fisheries. The loan board participates every year in government's and the department's financial management and accountability initiatives. The operating budget for the 2000–01 fiscal year is $488,000, and the lending budget for the loan board is determined by government early in each fiscal year; the amount for 2000–01 is $21,000,000 net.

1999–2000 Actual	2000–01 Forecast	Object	2001–02 Estimate
469,570	466,300	Salaries & benefits	465,000
145,100	128,400	Operating costs	129,700
nil	nil	Grants & contributions	nil
614,670	594,700	Gross expenditures	594,700
97,799	106,700	Less: fees & recoveries	106,700
516,871	488,000	Net expenditures	488,000

For the fiscal year 1999–2000 principal repayments totalled $8,878,195 and interest payments totalled $3,317,180.

Crown Corporation Business Plans

Nova Scotia Gaming Corporation

Business Plan 2001–02

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Note: NSGC's business plan and budget are significantly dependent upon the business plans and budgets of its operators, the Metropolitan Entertainment Group (MEG) and the Atlantic Lottery Corporation (ALC). ALC's business plan and budgets will not be finalized and approved by ALC's board until May 2001, which will then be followed by approval by the NSGC Board. MEG's budget has been prepared and approved by NSGC's board except for the marketing and promotions component and the repayment costs of the Halifax Casino, which is expected to be finalized in May 2001.

Introduction

The Nova Scotia Gaming Corporation (NSGC) is a Crown corporation governed by the provincial Gaming Control Act. Its mandate is to manage the province's gaming business in a responsible manner. Operations include ticket lottery, video lottery, and casinos.

A three- to five-person board of directors provides strategic direction to NSGC, which currently has 18 staff members.

NSGC reports annually on the administration, operation, and management of its businesses to the Minister of Finance who is responsible for Part I of the Gaming Control Act.

The day-to-day operations of NSGC's businesses are carried out by its agents. The Atlantic Lottery Corporation (ALC) operates the ticket and video lottery businesses, and the Metropolitan Entertainment Group (MEG) operates Casino Nova Scotia—Halifax and Sydney.

In delegating the day-to-day operations of the lines of business to these operators, NSGC works to ensure that both ALC and MEG:

- operate in an effective and efficient manner to maximize revenues for the province
- comply with the Criminal Code of Canada, the Gaming Control Act, and all provincial regulations
- respond to policy and strategic direction provided by NSGC
- understand and respond to the issue of problem gambling in Nova Scotia

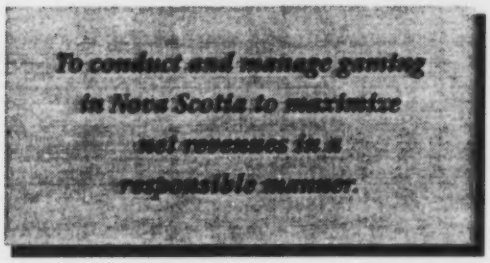
There are two major challenges facing NSGC in conducting Nova Scotia's gaming business in 2001–02.

The first is to meet increasing demand by consumers for gaming products that are different and innovative, especially in the mature ticket lottery business line. With future competition for the gaming dollar expected to grow stronger with the increasing popularity of Internet gaming, NSGC's challenge for the future is to offer dynamic products.

The second challenge that the gaming industry will continue to face is increased competition for experienced employees. The gaming industry is growing across Canada, and the employment opportuni-

ties are excellent. It is critical to Nova Scotia's success that NSGC and its operators can compete for, and retain, people who are knowledgeable about gaming and who excel working in a progressive, technology-driven industry.

Mission



In managing the gaming business, NSGC works under three guiding principles:

1. Gaming is a form of entertainment, and NSGC strives to ensure the products offered are fun and will appeal to its customers.
2. NSGC and its operators are committed to ensuring the integrity and fairness of its gaming products.
3. The gaming business must be run responsibly. NSGC continues to be cognizant that there is a small percentage of its players who misuse its products. To address this concern, NSGC has led the development and implementation of programs that help control excessive play and encourage responsible gaming.

Strategic Goals

Goal 1
Strengthen the business relationship with ALC and MEG in order to leverage the unique skills each organization brings to achieving operational and financial goals.

Goal 2
Achieve financial targets.

Goal 3
Facilitate, within NSGC's influence and control, the business environment in which gaming operates within the province.

Goal 4
Enhance NSGC's knowledge of the gaming industry, including staying abreast of upcoming trends, new products, progressive technology, and business opportunities.

Goal 5
Employ effective, efficient business and operational practices in order to facilitate NSGC's success.

Core Business Functions

Casinos

There are two casinos in the province, one in Halifax and the other in Sydney. The Halifax casino moved from its interim location to its permanent home in April 2000. The world-class facility has a 3000-m2 (32,000–sq ft) gaming floor, which accommodates 40 table games and 730 slot machines. There is also 930 m2 (10,000 sq ft) of meeting and special event space, a 170-seat entertainment lounge, and a 100-seat outdoor amphitheatre. The only T.G.I. Friday's restaurant east of Niagara Falls can be found at the facility, as can Bacchus, a high-end gourmet restaurant.

The Sydney casino has a 1400-m2 (15,000–sq ft) gaming floor that offers 10 table games and 378 slot machines. There is also a restaurant and an entertainment stage.

The Halifax casino operates 24 hours a day, seven days a week. The Sydney casino operates 24 hours a day on Fridays and Saturdays and from noon to 4 am Sundays through Thursdays. Both casinos are closed on Good Friday, Easter Sunday, Remembrance Day, and Christmas Day.

Together, the casinos employ over 1,000 people (814 FTEs), which translates to approximately $28 million in salaries and benefits each year.

Ticket Lottery

Through ALC and the Interprovincial Lottery Corporation (ILC), a host of national and regional lottery tickets are available in Nova Scotia. The national games include Lotto 6/49 and Super 7 and are owned by ILC.

The regional games, such as Wild 5 and TAG, are developed by ALC and are offered only in the four Atlantic Provinces. As well, there are a variety of instant tickets, breakopen products, and a Sport Select ticket available in Nova Scotia. These tickets are sold by approximately 1,200 retailers across the province.

Each year, Nova Scotians buy about $200-million worth of lottery tickets, and over $100 million is allocated for prizes and $17 million paid out in retailer commissions.

Video Lottery

NSGC, through ALC, operates 3,234 Video Lottery Terminals (VLTs) in the province. The VLTs are in operation in liquor-

licensed establishments 17 hours per day, seven days a week.

The payout on these products ranges from 90 per cent to 95 per cent of the amount played. The four most popular games are Swinging Bells, Bonus Joker Poker, Double Bonus, and Red Hot 7s, all of which have a payout of 95 per cent. Under the VLT Regulations, the minimum payout percentage in Nova Scotia is 80 per cent.

In addition to the 3,234 VLTs, there are also approximately 400 VLTs on nine of the 10 First Nations Bands. NSGC does not operate these machines; its role is to supply and service them through ALC pursuant to the gaming agreements signed by the Bands and the Province of Nova Scotia.

Performance in 2000–01

1. To amend agency agreements with ALC.

Completed. As a result of the agreement in principle, which was reached in January 2000 with the other shareholders of ALC, a revised Unanimous Shareholders Agreement and a new Agency Agreement were successfully developed in 2000–01. The revised Shareholders Agreement resulted in a new profit allocation formula, which should provide approximately $4.4 million in increased profits to NSGC in 2000–01. The Agency Agreement was also finalized, with the exception of determining the HST application of this new agreement and provides clarity on respective roles and responsibilities as well as defines specific performance standards required by ALC in financial reporting requirements.

2. To complete an efficiency study of ALC.

Completed. The ALC Board of Directors led the successful completion of Phase I of the independent efficiency assessment of ALC's operations. The final report has been forwarded to the board for its consideration and determination of next steps. It is likely that implementation of the recommendations contained in the report will be deferred until such time as the president position is filled, which is currently vacant due to the retirement of the former president in October 2000. The board proceeded to a recruitment process in November 2000 and expects to appoint a new president by May 2001.

3.To complete a five-year Corporate Strategic Plan.

Partially completed. The intention was to move forward a strategic plan once the permanent NSGC board was in place. Until February 2001, NSGC's board of three consisted of two board members who were deemed to be interim members until such time that the government was in a position to appoint permanent members. The permanent board was appointed in February 2001 and intends to begin the strategic planning process in the fall of 2001.

4.To complete an organizational review.

Completed. A number of structural changes were made within NSGC in order to clarify roles and responsibilities as well as to streamline the flow of information and the decision-making process within the organization. A further organizational review will be considered once the strategic plan is completed in order to ensure that the organization is aligned with the overall strategic direction of NSGC.

5 To implement and enhance the Corporate Communications Strategy.

Partially completed. While there were several strategic communications initiatives undertaken during the year, including the development of a corporate website and visual identity and the implementation of a public speaking program by the president and CEO, they were not part of a formal communications strategy. This is due to NSGC's corporate strategic plan not being completed, as noted earlier in number 3 of this section. The corporate communications strategy will be completed as part of the comprehensive strategic planning process.

6.To investigate the possibility of upgrading NSGC's financial accounting and reporting system.

Completed. The options for upgrading NSGC's financial accounting and reporting system were investigated, and a new system was implemented in June 2000.

7.To complete a review of the video and ticket lottery regulations.

Completed. As in prior years, NSGC examined the existing regulations related to ticket and video lotteries and identified areas for potential regulatory amendments to ensure they aligned with the current business environment.

8.To identify and explore business development opportunities during the year.

Completed. Some of these development opportunities are as follows.

In August 2000, the rollout of the new Lottery Retailer Terminals (LRTs) began for ticket lottery retailers. The LRTs are state-of-the-art, computer-based termi-

nals that were developed in Atlantic Canada and are required by retailers to sell and validate computer-printed lottery tickets. The new LRTs provide several customer service improvements, including increased speed, a touch screen, and a thermal printer, which is quieter, faster, and requires less maintenance. By February 28, 2001, approximately 700 LRTs had been installed.

In September 2000, ALC launched Wild 5, a new ticket game for Atlantic Canadians. Each week, the Wild 5 draw is taped and the winning numbers are featured during a Thursday evening 2 1/2-minute television show. In addition to the chance to win the top prizes of $200,000 and $500,000, there are five guaranteed prizes of $5,000 for each draw.

When the permanent Halifax casino opened in April 2000, a space of approximately 1,950 square feet remained vacant. Following a review of the current use of the casino facility as well as the results from guest surveys, Casino Nova Scotia determined that a high-end gourmet restaurant would be the most appropriate use for the space. NSGC concurred, and the restaurant Bacchus was opened in December 2000.

A two- to three-year VLT Replacement Plan was developed, which provides for the replacement of 3,200 of NSGC's existing machines with ones that have four responsible gaming features integrated into the play of the VLT. This is an industry-first for North America.

Priorities for 2001–02

Corporate Priorities

1. Develop a Corporate Strategic Plan.

Over the past five years, the gaming industry has continued to evolve, and it is incumbent upon NSGC to proactively respond to changes in the business environment in order to ensure it fulfills its mandate. A three- to five-year Corporate Strategic Plan is a mission-critical tool for the organization and will provide important focus and direction for NSGC as it moves forward into the future. It is anticipated that the planning process will commence in the fall of 2001 and will include the development of the following components: mission, vision, strategic goals, guiding principles, and strategic initiatives.

2. Continue the development and implementation of a relationship strategy for both operators.

As with any business relationship, it is essential that both parties' interests and

goals are well defined and understood in order to optimize the benefits of the relationship. In 2000–01, NSGC initiated a number of efforts with MEG and ALC in order to strengthen the working relationship. Building upon these successful efforts, a relationship strategy will be formalized in 2001–02, which will include the following elements:

- formalization and execution of roles, responsibilities, and expectations
- profile of operator, identifying operational needs, and information requirements
- profile of NSGC in relation to what unique skills it offers to the business relationship and areas for further development to add value from the operators' perspectives
- communications protocol plan and strategy
- measurement process to determine the level of success in strengthening the relationship

3. Implement training and development initiatives in order to increase knowledge of the gaming industry.

In order for NSGC to provide the optimal level of value to its business relationship with its operators, as well as to discharge its conduct and manage mandate, staff must have a strong knowledge of the gaming industry, in particular, as it relates to NSGC's three core businesses. As a relatively new organization, a key priority is to develop comprehensive training and development activities in order to build the necessary knowledge base of the gaming industry.

4. Evaluate opportunities to minimize NSGC's cost of operations, including the costs of its operators.

As in any business operations, it is critical that NSGC pursue opportunities for operational efficiencies in order to improve its bottom-line financial position. These efficiencies may come from NSGC's internal operations or from efforts of its two operators. In assessing any potential for cost savings, the benefits of these costs will be carefully considered to ensure that NSGC, by eliminating the costs, is not compromising its short- or long-term revenue and income growth.

5. Continue the development and implementation of effective business practices to facilitate the achievement of business goals.

In 2000–01, NSGC has made significant progress in the development and implementation of internal business practices to ensure the quality of its operations. Internal control systems and proce-

dures as well as a quality assurance framework have been formalized and implemented. Continued efforts in 2001–02 will be the implementation of a risk management framework to assist NSGC in the identification of internal and external business risks, the assessment of these factors, and the development of action plans to mitigate those challenges.

Casino Priorities

6. Focus marketing activities on player development.

Marketing's primary goal will be on player expansion and player retention. Player expansion will occur through a number of initiatives, including bus tours, Player's Club database growth, and hotel partnering. Piayer retention will occur through direct mail advertising and through targeted promotions and communications to regular players.

7. Complete the slot replacement strategy.

In August 2000, MEG identified that approximately 400 slot machines needed to be replaced in the Halifax casino in early 2001 and an additional 75 would be replaced in the fall of 2001. Many of the machines have not been replaced since the Halifax interim casino began operations in 1995. NSGC agreed with MEG's business case and approved the replacement of 475 slot machines for 2001–02.

8. Leverage gaming revenues through food and beverage and entertainment operations.

The Halifax casino is a world-class facility with amenities casino patrons expect as part of the entertainment package. These amenities, which include food and beverage and entertainment operations, will be leveraged to enhance gaming revenues. The goal of the food and beverage operations is to financially break even for the year.

Ticket Lottery Priorities

9. Develop new products within the ticket lottery business line.

The ticket lottery market is maturing, with product growth levels stabilizing and, in some cases, declining. This is a challenge facing the entire lottery industry. The appeal of ticket lottery products to the emerging technologically affluent adult market is decreasing. Player preferences are leaning towards interactive electronic products.

NSGC will work with ALC to develop products to respond to market demand and appeal for innovative and interactive products. In 2001–02, ALC will launch a CD-ROM scratch ticket in Nova Scotia, a product that has been very successful in Quebec and one that is currently

planned for implementation in other jurisdictions.

10. Develop a Ticket Inventory Management System/Strategic Sales Management Program.

To position itself to respond quickly to market demand and make timely, informed marketing mix decisions, ALC will develop a Ticket Inventory Management System (TIMS). The primary objective of TIMS is to increase sales and profits through improved reporting of inventory levels at retailers, assigning ticket quantities to retailers based on their sales history and growth potential, and significantly reducing the number of stock shortages at retailers. The approach and timeframe for implementing TIMS is currently under review by ALC's board.

Depending upon the timing of the implementation of TIMS, ALC may shift its focus in 2001–02 to another priority initiative, the Strategic Sales Management Program. The program's objective is to increase sales and profits through the development of a more strategic approach to managing product distribution channels by applying corporate resources to those sales activities that will provide the greatest financial benefit to NSGC and ALC.

11. Expand product distribution channels.

In 2001–02, ALC will continue to develop the infrastructure necessary to expand and strengthen its product distribution channels. The Lottery Retail Terminal (LRT) rollout will continue and is expected to be completed by August 2001, with approximately a total of 1,200 machines installed. LRTs are state-of-the-art computer-based lottery terminals that are required by retailers to sell and validate computer-printed tickets like Lotto 6/49.

In addition to LRTs, ALC began introducing in late 2000–01 a new Multi-Purpose Retail Terminal (MRT). The MRTs will allow retailers to sell both breakopen and instant ticket products as well as validate instant products. Approximately 300 MRTs will be installed in Nova Scotia by March 31, 2002.

Video Lottery Priorities

12. Continue NSGC's commitment to responsible gaming by replacing its existing VLTs with machines that have responsible gaming features.

NSGC's commitment to responsible gaming was paramount in its decision to purchase new machines. The new machines will have four responsible gaming features aimed at controlling excessive play integrated into the play

of the VLTs. The machines will be replaced in three phases. The plan is to replace 1,000 machines during Phase 1 and 1,100 machines in each of the next two phases. By March 2002, NSGC will have replaced 1,000 machines and equipped approximately 400 existing VLTs with the new features. Phases 2 and 3 will likely be implemented in 2002–03, following the completion and review of Phase 1.

13. Conduct an evaluation of the responsible gaming features.

The four responsible gaming features to be integrated into the new VLTs are an industry-first in North America. The features will provide interruptions and reality checks throughout the playing time to help control excessive play. Given the uniqueness of these features, there is no research available on their effectiveness. In order to assess the impact of the responsible gaming features, NSGC will work with ALC to ensure an evaluation is completed. NSGC will review the evaluation and assess the need to modify any of the responsible gaming features. Any enhancements to the features, if necessary, will be integrated into the new terminals during Phase 2.

Outcomes and Outcome Measures

Goal 1 ▶ *Strengthen relationship with operators.*

Indicator	Outcome Measure	Target
• Adherence to monthly financial reporting requirements	• Rating from quality review assessment	• 7/10
• Operator satisfaction	• Meeting deadlines	• 80%
	• Percentage increase in level of satisfaction over next two years	• 5%

Goal 2 ▶ *Achieve financial targets.*

Indicator	Outcome Measure	Target
• NSGC income	• Percentage of actual within budget	• +/- 2%
• Net income VL	• Percentage of actual within budget	• +/- 5%
• Net income TL	• Percentage of actual within budget	• +/- 5%
• Net income-Sydney Casino	• Percentage of actual within budget	• +/- 10%
• Revenue-Halifax Casino	• Percentage of actual within budget	• +/- 5%
• Win Tax - Casinos	• Percentage of actual within budget	• +/- 5%
• Management expenses	• Percentage of actual within budget	• +/- 5%

Goal 3 ▶ *Facilitate business environment*

Indicator	Outcome Measure	Target
• Casino Regulatory Review	• Number of these initiatives approved by board and/or moved forward to government	• 1
• Department of Tourism and Culture partnership strategy		
• Technology initiatives		

Goal 4 ▶ *Enhance knowledge of gaming industry*

Indicator	Outcome Measure	Target
• Training and development initiatives	• Number of professional staff participated in gaming-related conference/program	• 6
	• Percentage of identified staff who completed/defined job-shadowing activities	• 80%

Goal 5 ▶ *Employ effective and efficient business practices*

Indicator	Outcome Measure	Target
• Strategic plan	• Percentage of completion of strategic plan	• 100%
• Corporate initiatives	• Percentage of completion of corporate business initiatives	• 90%
• Board reporting	• Percentage of monthly board reports completed and forwarded within prescribed timeframe	• 95%

Communications

Key Messages

The Gaming Corporation manages the business of gaming in Nova Scotia. We are committed to running a successful, responsible gaming industry.

We believe that responsible gaming makes good business sense. We recognize that some people misuse gaming products, and NSGC wants to help control this misuse. The Gaming Corporation does this by providing funding to address problem gambling and by adopting business approaches that promote responsible play.

The Gaming Corporation believes that a well-run and well-regulated industry is good for Nova Scotians. Banning certain gaming products will only encourage them to be offered illegally.

Gaming revenues are used to fund government programs and services that benefit all Nova Scotians.

Gaming contributes more than just revenue for Nova Scotians. It also provides significant employment as well as other indirect economic benefits through retailer commissions, supplies, and services.

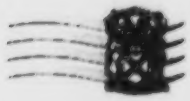
Budget

	Forecast 2000–01 (,000)	*Budget 2001–02 (,000)*
Revenues		
Atlantic Lottery Corporation		
Ticket lottery	$199,000	$204,800
Video lottery	146,500	156,900
Payment from New Brunswick	500	500
Halifax Casino Nova Scotia		
Casino	63,400	69,500
Beverage, food and other	6,100	7,900
Sydney Casino Nova Scotia		
Casino	28,900	29,700
Beverage, food and other	1,700	1,800
Interest income	500	500
	446,600	**471,600**
Expenses		
Atlantic Lottery Corporation		
Ticket lottery expenses		
– Prize expense	104,800	108,700
– Retailer commissions	17,600	18,000
– Operating	24,400	27,700
Video lottery		
– Retailer commissions	31,500	33,700
– Operating	10,000	12,300
General overhead	7,100	8,900
Halifax Casino Nova Scotia		
Casino win tax	12,700	13,900
Operating	42,400	50,400
Payments to operator	13,700	13,100
Sydney Casino Nova Scotia		
Casino win tax	5,800	5,900
Operating	14,400	15,400
Payments to operator	6,100	5,800
Special Payments		
Harness Racing Fund	1,000	1,000
NS Gaming Foundation	700	800
Sport & Recreation Commission	100	100
Department of Agriculture & Marketing	50	50
Department of Education & Culture	50	50
NSGC management expenses	2,000	2,600
	295,000	**318,400**

Budget (continued)

	Forecast 2000–01 (,000)	*Budget 2001–02 (,000)*
Net Operating Income	**151,600**	**153,200**
Income Guarantee – Repayment to Operator	(700)	—
Net Income	**$150,900**	**$153,200**
Total Payments to Province of Nova Scotia		
NSGC net income	$150,900	$153,200
Casino win tax	18,500	19,800
	$169,400	**$173,000**

Crown Corporation Business Plans



Nova Scotia Government Fund Limited

Business Plan 2001–02

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Introduction

The Nova Scotia Government Fund Limited (NSGF) is a vehicle for foreign investors to invest in businesses located in Nova Scotia while meeting the qualifications of investors as Canadian permanent residents under the Business Immigration Program of the Government of Canada.

The Nova Scotia Government Fund Limited (NSGF) was incorporated on December 16, 1994, under the Companies Act (Nova Scotia). It was approved by Citizenship and Immigration Canada as a government-administered venture capital fund pursuant to the Immigration Regulations (1978).

Individuals who had successfully operated, controlled, or directed a business or commercial undertaking were able to subscribe to the NSGF, subject to a number of conditions. The minimum investment is $250,000 and cannot be subject to a guarantee and is not refundable for the minimum holding period.

The January 4, 1996 offering memorandum imposed certain investment and policy restrictions that have imposed investment difficulties on the NSGF. The offering states, "The Fund will be restricted to making investments directed to the privatization of public services and may include operation of food services in hospitals, laboratory services to health care facilities and other projects that will result in economic benefit to Nova Scotia."

Investors who subscribed for one or more notes could qualify for Canadian permanent resident status along with their spouses and dependents. The maximum offering was for $35,000,000. The NSGF raised $25,750,000 representing 103 investors, of which $18,025,000 is required to be invested in qualified projects. The balance ($7,725,000 net of subscription and operating costs) is required to be invested in liquid Canadian securities.

Federal legislation requires that the funds be invested within nine months from date of receipt and be invested for a five-year period. All investments were to have been made by March 1999. The first successful investment was made in July 1999. Qualified investments for the remainder did not materialize. As a result, the remaining funds were safely placed where they could be accessed should a qualified investment opportunity occur. Immigrants will receive a return of the their investment with the fund (the investors all hold

Province of Nova Scotia unsecured promissory notes).

Federal guidelines stipulate that the NSGF can lend only to companies with less than $35,000,000 of assets and that the NSGF invest in at least two projects. In addition to adhering to federal legislation, investment opportunities are limited to alternative service delivery initiatives as set out in the prospectus for the initial offering.

The combined federal/provincial requirements for investment have made these funds exceptionally difficult to invest. As a result, the directors of the NSGF were not able to place the money in qualified investments within the required time frame. For the past 22 months, the directors of the fund and senior staff have devoted considerable time, money, and effort to trying to bring the fund into compliance. To date, and despite concentrated effort, only one investment has been made. As the NSGF was unable to place any of the money within the required time frame it is in breach of the federal guidelines. Over 20 projects were considered but for a variety of reasons did not meet all of the federal and provincial criteria for investment. This matter has been raised with the federal Minister for Citizenship and Immigration. The directors of the fund are confident that continuing dialogue between the two levels of government will lead to a satisfactory resolution.

Mission

To fund alternative service delivery initiatives for government.

Strategic Goals

Federal and provincial investment criteria have limited suitable investments. In light of the above, the goals for the NSGF for the fiscal year 2001–02 are:

Goal 1

To ensure that the funds of all investors are safely invested.

Goal 2

To direct the Nova Scotia Department of Finance to continue to invest any money not invested in a qualified project in liquid Canadian securities until such time as the investors' promissory notes become due.

Goal 3

To repay investors when their notes become due (i.e., starting March 2002).

Goal 4

To take advantage of investment opportunities should they arise.

Core Business Function

The core business function of the NSGF is to invest the funds raised through the offering memorandum in qualified investments as outlined by both Citizenship and Immigration and the offering memorandum.

Priorities 2001–02

The priority for the near term is to ensure that the funds belonging to the immigrant investors are safely and soundly invested.

Human Resources

The NSGF has no employees. Government of Nova Scotia employees are involved with the investment-related activities.

Budgeting Context

Expenses incurred by the NSGF are offset against interest earned by investments.

Crown Corporation Business Plans

Nova Scotia Harness Racing

Business Plan 2001–02

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Introduction

Harness racing has been a part of Nova Scotia's heritage over the last century and beyond. For years, harness racing was the only form of legalized gaming in Nova Scotia. Now there are many other forms of gaming to compete with. Once government moved to lotteries, scratch tickets, casinos, and VLT machines, the racing game became a minor player in the gaming industry. It represents only 1 per cent of the gaming sector wagers in Nova Scotia. A number of studies have been done on the harness racing industry in Atlantic Canada, and all conclude that it is not realistic to believe that the industry can become self-sufficient in funding relying on track betting alone. The director body of the Harness Racing Industry Association of Nova Scotia was chosen as the group to become the advisory body to government for the industry and a Department of Agriculture and Fisheries employee was installed as the Chair

Mission

To evaluate how best to spend the government funding provided while at the same time moving the harness racing industry to a more competitive, self-sufficient funding position.

Strategic Goals

Goal 1

Provide leadership to the harness racing industry.

Goal 2

Identify new opportunities to generate income and profit for the industry.

Core Business Functions

- Maintain open communication between segments of the harness racing industry so that a unified voice can be presented to government.
- Evaluate the challenges facing the harness racing industry and develop a

fiscal plan that maximizes government's investment.

- Identify opportunities that will allow the industry to become less reliant on government funding for survival.

Performance in 2000–01

- Funding allocated for the 2000-2001 budget was $1 million; spending will not surpass the allocation.
- Agreement has been reached for fewer race dates and that there will be a designated race week for each track where the other two tracks would stand down. This will reduce the costs of operating the tracks as well as costs for officials.
- Colt sale prices were up this past year because there was support for the stakes races and the track purses.

Options for funding the industry were presented to the Minister of Agriculture and Fisheries as well as representatives from Finance and the Nova Scotia Gaming Corporation in December.

Priorities for 2001–02

- Identify different forms of track betting that will help supplement live track betting.
- Reduce the conflicts between race track dates within the province.
- Support track purses such that there is not a shortage of horses and drivers.
- Reduce the amount of government funding required to keep the industry viable.
- Maintain stakes race funding
- Move funding for track officials over to the Council of Maritime Premiers.
- Reduce race dates from 122 to 104.

Outcomes and Outcome Measures

Goal 1 ▶ *Provide leadership to the harness racing industry.*

Outcome	Indicator	Measure	Target	Strategies to Achieve Target
• Industry changes how it does business	• New industry initiatives	• Number of agreed ventures	• Benchmark 2001–02	• Develop trust among sectors through open discussions.
	• Race dates and designated weeks	• Does it occur	• Implemented 2001–02	• Come to agreement on race dates for province.
	• Co-operation among industry players	• United position on issues	• Benchmark 2001–02	• Focus on need to work together if industry is to survive. Each sector must understand the challenges the others face and work together to solve them

Goal 2 ▶ *Identify new opportunities to generate greater income and profit for the industry.*

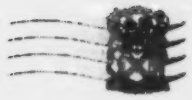
Outcome	Indicator	Measure	Target	Strategies to Achieve Target
• Better bottom line for tracks and better purses for horse owners	• Higher prices for yearlings	• Prices of horses	• Benchmark 2001–02 sales results	• Industry funding projects stability. • Promote the government/industry partnership. Seek out additional funding sources.
	• Fewer trainers and drivers leaving region	• New entrants into industry and availability of drivers and trainers	• Benchmark 2001–02	• Create opportunities for trainers and drivers to develop careers in region.
	• Availability of horses for races	• Race cards filled with healthy horses	• Average number horses per race and races per card	• Create an improved income opportunity for horse owners at local tracks.

Budget

The expectation is that the entire $1-million budget will be spent for the 2000–01 fiscal year. It is projected that support for the harness racing industry can be reduced to $820,000, of which $70,000 should be delegated to the Council of Maritime Premiers to cover the costs of racing officials in Nova Scotia as projected by the Maritime Provinces Harness Racing Commission. This projection is based on reducing the number of race dates to 104 versus 122, which is where the industry would like to be in terms of public exposure.

This reduction would reduce operating expenditures, showcase the industry in a more effective manner, and ensure a quality purse structure through an aggressive simulcast initiative.

Crown Corporation Business Plans



Nova Scotia Housing Development Corporation

Business Plan 2001–02

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Introduction

The Nova Scotia Housing Development Corporation (the corporation) is responsible for holding the province's social housing assets and consolidating the revenues and expenditures associated with operating these assets. The Minister of Community Services is the corporation's Chairperson and the Deputy Minister is the corporation's President.

The corporation supports the Department of Community Services' social housing initiatives to provide safe, adequate, and affordable housing to low-income Nova Scotians. It does this by holding the province's social housing assets and providing financing tools for other housing solutions. The corporation's business is administered by the staff of the Housing Services Division and the Finance and Administration Division of the Department of Community Services.

The corporation also provides loan guarantees to qualifying housing sponsors who demonstrate a need and an inability to secure favourable private-sector financing without such a guarantee.

Two recent changes have occurred that affect the corporation:

- At the end of the 1999–2000 fiscal year the corporation's mandate was expanded through legislation to include the Housing Development Fund established under the Housing Act. The corporation assumed all the Fund's assets and liabilities.
- On August 1, 2000 the responsibility for housing was moved from the Department of Housing and Municipal Affairs to the Department of Community Services.

Mission

To hold the Department of Community Services social housing assets; manage its social housing funds; and arrange financing tools for other housing solutions to enable the department to deliver housing programs.

The corporation supports the goals of the department. More specifically, it supports the following core business functions of the Housing Services Division:

- Develop and deliver provincial and federal/provincial housing loan and grant programs enabling Nova Scotians to remain in their homes.
- Manage, oversee, and deliver services in support of the province's public housing portfolio, which provides homes for approximately 12,500 Nova Scotian households.
- Administer third party agreements with co-operative and non-profit sponsors who provide 9,000 co-operative and non-profit housing units, which are home to approximately 15,000 Nova Scotians.
- Deliver a Land Development Program, the purpose of which is to maintain a supply of moderately priced, serviced lots in well-planned residential communities and to hold land for various housing initiatives province-wide.*

***Note:** For more details of the activities of the Housing Services Division see the Department of Community Services Business Plan.)

Strategic Goals

The corporation's support is achieved by pursuing three goals:

Goal 1
Hold and finance provincially owned social housing assets.

Goal 2
Provide financing to the department for housing programs.

Goal 3
Guarantee loans to purchase or construct social housing assets that support the department's objectives.

Core Business Functions

The five core business functions of the corporation are:

1. Hold title to the physical assets of the province's social housing portfolio.
2. Manage the federal government's funding for social housing as set out in the 1997 Canada–Nova Scotia Social Housing Agreement.
3. Provide mortgage guarantees and/or loans to qualifying housing projects that further the department's goals.

4. Manage the funded reserves associated with housing programs to protect the province from loss through its direct and/or contingent liabilities relating to its housing activities and to the Canada–Nova Scotia Social Housing Agreement.
5. Generate interest income in excess of interest expense.

Performance in 2000–01

This was the first full fiscal year in which the corporation managed all the assets of the Housing Development Fund. Among other things this involved the consolidation of financial accounts which reduced the fragmentation in the financial reporting of the province's housing programs.

In the 2000–01 fiscal year the corporation provided one loan guarantee to Family and Children's Services of Pictou County for an eight-bed youth facility.

The Management Letter from the Office of the Auditor General for the 1999/00 fiscal year was again positive and supported the consolidation of the Housing Development Corporation and the Housing Fund. The Letter noted progress made in bringing the corporation's financial statements closer to full compliance with the Public Sector Accounting Board (PSAB) and recommended the continuation of initiatives to increase compliance.

Priorities for 2001–02

There are three priorities for the 2001–02 fiscal year:

- Manage and monitor the transfer of the financial administration of the corporation from the Corporate Services Unit of the Department of Service Nova Scotia and Municipal Relations to the Department of Community Services. (The department's Finance and Administration Division assumed the financial administration of the corporation's activities on February 1, 2000.)
- Continue to increase compliance with the Public Sector Accounting Board's (PSAB) recommendations for public-sector organizations.
- Continue the consolidation process to show a more complete picture of the costs associated with operating housing services in Nova Scotia.

Outcomes and Outcome Measures

The success of the corporation is ultimately measured by its ability to meet the financial requirements for past and current provincial housing program initiatives. Its success can also be measured by the corporation's ability to generate net interest revenue; however, many factors beyond the corporation's control can affect this measurement. They include such things as: the provincial borrowing rate, the personal decision of clients to prepay housing loans, and the interest rates charged by the private sector.

Another outcome is the corporation's ability to manage the financial implications of the 1997 Canada–Nova Scotia Social Housing Agreement. This can be measured by improved financial disclosure and improved support for the department's housing-related business decisions.

Outcomes and Outcome Measures

Goal 1 ▶ *Hold and finance provincially owned social housing assets.*

Goal 2 ▶ *Provide financing to the department for housing programs.*

Goal 3 ▶ *Guarantee loans to purchase or construct social housing assets that support the department's objectives.*

Outcome	Indicator	Measure	Target 2004-05	Comments
• The department delivers safe, adequate and affordable housing programs and services to low-income Nova Scotians.	• The corporation meets the financial requirements for past and current provincial housing program initiatives.	• Net interest revenue generated	• Establish a benchmark in 2001–02	Factors beyond of the control of the corporation influence this measure (i.e., provincial borrowing rate and the personal decisions of clients to prepay housing loans). Taking into consideration these external influences the net revenue generated should be reasonably comparable to interest revenue generated in the private sector.
• The department realizes the financial opportunities in the 1997 Canada–Nova Scotia Social Housing Agreement.	• The corporation streamlines the financial accounting of housing programs and simplifies the reporting.	• The corporation improves financial disclosure.	• Full compliance with Public Service Accounting Board by 2004–05	
		• The corporation improves support for the department's housing-related business decisions.	• Financial statements that are more transparent and easier to understand	

Communications

The corporation issues annual financial statements, which are included in the Public Accounts of the Province of Nova Scotia.

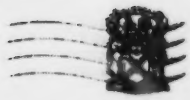
Corporate Services

The Human Resources, Information Technology, and Financial Services functions are provided by the Department of Community Services. The corporation has no employees, hence it does not directly access these services.

Budget

1999–2000 Estimate	1999–2000 Actual	2000–01 Forecast	2001–02 Estimate
$600,000	$1,900,000	$1,700,000	$1,700,000

Crown Corporation Business Plans



Nova Scotia Liquor Commission

Business Plan 2001–02

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Mission

The Nova Scotia Liquor Commission regulates the sale of beverage alcohol products under the authority of the Liquor Control Act.

The Nova Scotia Liquor Commission will strive to

- ***operate in a socially responsible manner***
- ***provide responsive and progressive consumer service with a variety of quality-controlled products in modern facilities***
- ***generate revenue as a retailer through efficient financial and operating practices***
- ***provide its employees with progressive management, equality of opportunity, and career development***

Strategic Goals and Strategies for 2001–02

NSLC's long-term strategy will be to focus on continuous improvement throughout the organization in order to meet short-term needs and also to pursue longer-term opportunities and strategies.

Sales/Volume/ Net Operating Income

Objective

Pursue opportunities to increase volume growth and dollar sales in a mature beverage alcohol market.

Strategies

1. Capitalize on the existing growth needs and market development opportunities for wine.

Programs/Projects

Port of Wines Program: The broad objectives of this program are to improve customer service and sales revenues and to maximize public relations opportunities. A strategic marketing plan has been developed for the Port of Wines and will be executed over the next three years.

The specific tactics to achieve these objectives for the upcoming fiscal year are to further develop the product mix in the Port of Wines store and its 22 satellite stores across the province. This involves strategically adding product, especially $15–30 retail-priced wines as regularly stocked listings that have sufficient customer support. The NSLC will continue to search, review, and accept special offers of limited quantities of product from suppliers for the Port of Wines customers. At the same time, NSLC will continue to bring in through the Port of Wines Festival each year over 200 new products for the retail consumers, wine society members, and licensees. For those retail customers, wine society members, and licensees who still want specific product not accessible in the current NSLC retail/warehouse system, the NSLC will use the Special Order Program and bring in any beverage alcohol product accessible in the world.

2. Capitalize on the existing growth of the cocktail category.

Programs/Projects

Contemporary Classics Program: Last year a Contemporary Classics unit was developed to merchandise and promote the spirit cocktail category in 22 stores. This upcoming fiscal year, the unit will be enhanced to promote more excitement at the store level.

3. Capitalize on the growth of the specialty beer category.

Programs/Projects

Beers of World Program: Continue to expand the mix of this segment in response to customer interest. Ensure that the category has visibility in stores and that the products are also promoted in shelf-extender programs, cooler-at-cash programs, impulse-at-cash programs, and on-floor display programs.

4. Ensure that the Nova Scotia Liquor Commission generates revenues to meet the Province of Nova Scotia's goals and objectives.

Programs/Projects:

Pricing Policy and Procedures: Review the NSLC pricing policy and procedures on a continuing basis to fine tune opportunities for increased revenue and to ensure that the liquor industry is treated fairly. It is important to ensure that NSLC pricing policies and procedures are conducive to providing customers with value-priced products while maintaining a level of profit required to operate the business effectively and efficiently.

5. Develop merchandising programs that will promote potential volume premium profit products, impulse purchases, and giftable incremental purchases.

Programs/Projects

Merchandising Management Program: Continue to pursue opportunities to promote product and categories that will provide incremental sales to the NSLC.

6. Invest capital only in property or technology that increases revenue, reduces costs, or is mandatory to meeting business objectives.

Programs/Projects

Energy Management Program: Reduce energy consumption and standardize to new energy-efficient technologies.

Product Management System: After a period of adjustment to the new automated/computerized system our goal is to take advantage of the flexibility and capabilities that have been built into this new computerized system.

7. Pursue changes to process and functional structure on an opportunistic basis to increase efficiency.

Programs/Projects

Standards of Excellence—Retail Execution 2001: Our Standards of Excellence—Retail Execution program was developed with specific expectations and standards for customer service, merchandising, service levels, and overall maintenance of our retail stores. It was designed to enhance the aggressive position we have taken on customer-focused retail development and service.

Store Business Development Strategies: Continue to review each retail unit to ensure we are generating maximum productivity and are enhancing the store's retail and social contribution to its specific trading area.

Customer Service

Objective

Pursue opportunities and programs that will improve customer service and profitability while also enhancing the image of the NSLC as a modern and progressive retailer.

Strategies

1. Provide a product mix and selection that is broad enough to meet the majority of customers' needs at a reasonable cost.

Programs/Projects

Enhanced Store Based Inventory Management: Continue to develop and focus on product service levels to ensure we continue to deliver improved product selection, stronger promotional-placed programs, new product offerings combined with our "Shop the World" commitment to product accessibility. We continue to focus on industry trends with product development, maintain a core selection in all retail stores, and tailor each store's selection to the buying trends within its community.

Category Management Program: Continue to maximize average gross profit per product per category, to maintain a competitive retail environment, to optimize customer satisfaction in product selection, and to ensure equitable treatment of all suppliers and honour all applicable trade agreements.

Special Market Program: The NSLC will research alternative supply methods such as agent stocking and consignment inventories as alternatives to provide greater product selection. In addition, more focus will be put on providing special market information to customers and the public through advertising, brochures, and website access.

2. Continue to provide a wide selection of promotional purchase opportunities and pursue innovative ways to encourage customer purchases.

Programs/Projects

Merchandising Management Program: Continue to pursue opportunities to increase volume and profit in a socially responsible manner by encouraging the sale of more profitable categories and brands, by supporting impulse-at-cash opportunities, by positioning beverage alcohol as a meal complement especially wine and liqueurs, and by positioning beverage alcohol as a gift item, such as Father's Day, Mother's Day, Christmas gifts, etc.

3. Provide customer-friendly store locations that offer a mix of full-service and boutique-type operations where appropriate.

Programs/Projects

Physical Resource Plan: Determine the proper and appropriate location and size of our retail outlets, thus ensuring full utilization of space.

Strategic Site Location: Proactively perform retail organizational review to ensure increased customer service and satisfaction while increasing profits through proper and appropriate store location.

Alternative Retailing Strategies: An Agency Store Program will be implemented in eight remote locations around the province. These locations, due to their size, cannot support an NSLC retail outlet. Proposals from local businesses in these communities will be received through a public proposal call. The eight locations are Advocate, Bass River, Freeport, French Shore, Iona area, New Ross, Wentworth Valley, and Whycocomagh. Another initiative identified is the potential to establish a limited number of private wine and specialty retail stores in urban centres. The NSLC will be calling for proposals to establish these stores during the fiscal year through a public proposal call. Future

new stores in the province will be analysed to determine if it would be more beneficial for them to be operated by the NSLC or the private sector.

4. Improve communications to build positive awareness of the many services and programs offered by the NSLC.

Programs/Projects

Website: Continue to enhance the NSLC website as a communication tool for the NSLC, its customers, and the public. Measurements of success include the number of visitors to the website and any website survey results.

Ongoing Commitment to Socially Responsible Retailing: Continue development, training, and consumer education on responsible consumption of beverage alcohol. Our key goal is the development of awareness on underage drinking combined with a greater awareness of responsible use of beverage alcohol within communities throughout the province. Our Check 25 ID Challenge Program will be expanded during 2001.

5. Pursue new products or other programs that will enhance customer satisfaction.

Programs/Projects

Vendor Performance System: Vendors are a vital component of the NSLC's supply chain. This program will develop a structured approach to monitoring, evaluating, and reporting on a vendor's performance in a number of strategic areas. The objective is to identify opportunities for improvement and to gain efficiencies and cost reductions.

6. Develop and deliver effective and timely internal training programs that are retail sales–focused and based on organizational needs with an emphasis on high potential candidates.

Programs/Projects

Excellence in Customer Service Training Programs: Customer-focused retail training and development continues to be the key mandate of the retail store division. Training will continue to be focused on customer-service programs, supported by major training projects designed to deliver exceptional customer service. Our Master Product Specialist training program combined with our Merchandising Training Manual will be focused on during training throughout 2001.

NSLC Review Initiatives 2001–02

During the current fiscal year the NSLC has undergone an extensive review of its operations. As a result of this review the government has announced a number of initiatives that will be carried out during the term of this business plan.

Agency Stores

The NSLC will institute an Agency Store Program to open agency stores in eight areas of the province to increase customer convenience in these communities. The locations are Advocate, Bass River, Freeport, French Shore, Iona area, New Ross, Wentworth Valley, and Whycocomagh. During the first quarter of 2001, a public call for proposals will be issued to identify the successful applicant in each of these communities.

Over time and as conditions permit, the NSLC will continue to evaluate its store network and modify it according to a business case analysis, on a case-by-case basis, while taking into account the needs of the shareholders, the client base, and employees.

Warehouse/Distribution

An initiative will also be undertaken to determine if there is a positive business case to be made for providing existing warehousing and distribution functions by alternative means. A public call for proposals will be issued to allow submissions that will provide the widest possible range of options for review and evaluation. The plan is for this process to take place during the first and second quarters of 2001.

Licensee Service

Changes have been approved to provide for the use of credit cards by licensee customers when making purchases from the NSLC. The necessary changes to the regulations have been made, and the very important licensee community can now benefit from this additional payment option.

Private Retailers

With an objective of providing additional product choice to consumers, an initiative will be undertaken to allow for the participation of private wine and specialty liquor retailers in achieving this goal. The plan is for these outlets to be located in urban centres and limited in numbers so that the impact of this initiative can be assessed over time. A public call for proposal process will be utilized to identify potential operators of these outlets, and it is expected to be issued during the second quarter of 2001.

Governance Model

The government has also announced that the Liquor Commission will become a Crown corporation accountable to a board of directors drawn from a cross-section of Nova Scotians. The board of directors will be accountable to government.

Core Business Functions

Customer Service

- Distribute quality-controlled products and deliver services that are cost effective, value added, customer oriented, and market driven through a network of strategically positioned retail stores.

Financial Responsibility

- Generate revenue for the Province of Nova Scotia as a retailer, through efficient financial and cost-effective operating practices.

Social Responsibility

- Ensure that the organization controls the sale of beverage alcohol and serves our stakeholders in a socially responsible manner by implementing and participating in programs that define responsible use messages to the public.

Executive Summary

2000–01 Fiscal Year Update

The NSLC, one of the largest retailers in Atlantic Canada, projects that it will deliver net income of $137 million for the current fiscal year, an increase of $1.8 million versus the $135.2 million versus the previous year. Both volume and sales dollars are projected to show an increase versus the previous year. Positive response to the many customer-oriented in-store promotion and merchandising activities contributed to increased sales. Volume in the spirits category showed moderate growth while wine and the developing cooler category continued to increase in volume.

Sales dollar projections for 2000–01 of $374.8 million are projected to exceed the $371.4 million actually achieved in 1999–2000. Ongoing merchandising programs such as short-term price reductions, monthly display features, and added-value offers were implemented throughout the year and provided customer value and contributed to the increase versus the prior year.

While sales and net income will exceed those achieved in the previous year, they will not reach budgeted targets for the year. The strong sales trends of the very successful previous year were not sustained; particularly in the large beer category, which will show volume loss in the year. There is also some softening in the economic environment in some areas of the province as NSLC sales regions, with the exception of the Halifax/Dartmouth

regions, are below sales performance of a year ago.

	Actual 1999–00	Budget 2000–01	Projection 2000–01
Volume (Hectos)	723,580.2	729,904.1	724,033.4
Sales (,000s)	371,364.7	380,623.2	374,782.0
Net Income (,000s)	135,170.0	141,551.2	136,994.2

Business Environment 2001–02

The NSLC Budget for the 2001–02 fiscal year is based on modest volume growth due to the existing market and economic conditions. The NSLC will continue to focus the resources of the organization on activities that are designed to improve customer service, achieve volume targets and improve revenues. Managing these issues is of utmost priority as they are critical to maintaining both short and long term NSLC revenue streams. Each 1 per cent change in volume impacts net income by approximately $1.4 million.

The organization has been in a cost-containment and right-sizing mode for a number of years. These efforts have enabled the organization to continue to increase volumes and have been beneficial in offsetting cost increases that are generated by outside influences. Activities in these areas will continue, but impact will be moderate, as there are few significant short-term, cost-reduction opportunities remaining in NSLC operations.

The market and operating environment dictates that the NSLC continue to pursue creative and proactive approaches to its various programs while maintaining the focus on cost containment to achieve the major objectives of the 2001–02 business plan and budget:

- continue commitment to customer service
- deliver a net income of $139.8 million
- focus on sales volume achievement
- provide strong financial management
- minimize operating costs and increase effectiveness
- maintain net income operating ratios in excess of 36 per cent of sales

The NSLC budget for the fiscal year 2001–02 reflects volume increases with improvements in Sales Dollars, Gross Margin and Net Income versus prior year projections:

	Projected 2000–01	Budget 2001–02	% Change
Volume (Hectos)	724,033.4	729,106.6	0.70
Sales (,000s)	374,782.0	384,525.7	2.60
Gross Margin (,000s)	185,658.9	189,782.9	2.22
Net Income (,000s)	136,994.2	139,762.3	2.00

Volumes

The volume projections contained in the 2001–02 budget have been forecast as follows for major NSLC categories:

	Budget 2000–01	Projected 2000–02	% Change
Spirits	50,389.0	50,640.6	0.50
Wine	54,516.5	57,162.9	4.85
Beer	603,410.9	603,543.1	0.00
Coolers	15,717.1	17,760.0	13.00

The wine and cooler categories will continue to show growth with stability projected for the large beer and spirit categories.

The NSLC will continue to execute marketing and merchandising programs that support category trends over both the short and longer term.

Sales Dollars

Sales dollars of $385.5 million less discounts for agency and private wine stores of $990,000 are budgeted to show a net increase from the projected $374.8 million in fiscal 2000–01. Budgeted sales dollars reflect category mix projections and continued plans to use merchandising programs that support market and customer purchase trends in the various product sectors. Emphasis will continue to be placed on exploring increased volume potential in the wine and cooler segments, while maintaining strong levels of support for the key beer and spirit categories.

Net Operating Income

Budgeted net income is projected to increase in the 2001–02 fiscal year. The budgeted increase of $2.8 million will result in a net income of $139.8 million versus a projection of $137 million for the current fiscal year, continuing the trend of increased profit delivery that has existed since 1995.

Operating Expenses

Total net operating expenses of $50 million show an increase of 2.9 per cent over the $48.7 million projected for 2000–01. There will continue to be upward pressure, although it is expected to be moderate, on costs associated with the operation of a retail store network. Management will continue to pursue any further opportunities for either short- or long-term cost reductions during the course of the budget year. The NSLC has made significant improvements in cost containment and efficiency over the past number of years while still investing in retail facility improvement and customer service programs. Further cost savings of significant magnitude will be increasingly difficult to achieve as the organization is very close to its right-sizing targets.

Capital spending is budgeted at $2.6 million, a decrease versus the budget of $2.8 million for 2000–01. The bulk of capital spending at the NSLC is directed at maintenance and improvements in the store system, maintaining the asset value, and projects that lead to increased efficiency with relatively short payback periods, such as store right-sizing at time of lease expiries, an objective of the NSLC long-range Physical Resource Plan.

Sales and gross margin performance will be closely monitored to make sure that the NSLC is not falling behind target. If sales projections prove to be too aggressive, pricing options along with expenditures will be reassessed. Normal ongoing pricing activity, i.e., manufacturers price changes, exchange fluctuations, freight adjustments, etc., will continue to be implemented in the normal fashion. The NSLC will continue to utilize merchandising programs and work with suppliers to mitigate upward price pressures.

NSLC Review Initiatives

As a result of an in-depth review of its activities, the government has announced a series of initiatives that the NSLC will implement during the 2001–02 fiscal period. These initiatives cover a number of key areas such as privately operated agency stores, warehousing/distribution, licensee service, private retail participation, and the NSLC governance model. These initiatives are outlined in the body of this business plan.

Opportunities/Strategies

The NSLC's focus is continuous improvement throughout the organization in order to meet the immediate needs of delivering the 2001–02 budget and pursue longer-term opportunities and strategies. There are a number of key areas that will be examined on an ongoing basis.

- **Sales activities** that reflect a retail staff focus on volume-building merchandising activities; recognize the needs of different segments of the customer base; and provide a product mix that best addresses the shopping profile, space utilization, and profit opportunities in each store location
- **Store locations** and formats that address different customer service requirements and are consistent with the NSLC short- and long-term physical resource strategic plan
- **Merchandising activities** that are consistent with a category management approach, generate excitement, are responsive to new trends, meet cus-

tomer expectations, and are consistent with the organization's revenue generation objectives

- **Employee training modules** that are relevant, effective, and delivered on a timely basis; directed at organizational or individual needs; and focused on enhancement or support of the key retail sales activities of the organization
- **Technology improvements** that are driven by external and internal customer needs, support efficiency and profit objectives, or support more effective management analysis.
- **Organizational structure** and employee composition that is team oriented, effective in a changing environment, and flexible enough to meet increased demands with the same or fewer resources.

Performance in 2000–01

Develop alternative retailing strategies

New and innovative customer-service delivery programs such as Bottle Your Own Wine program, Drive Thru Service program, and NSLC Retail Outlet within a Grocery Store program have been expanded in recent years with favourable comments by customers/public and have contributed to increased financial results and improvement in internal performance measurements. These types of strategies will continue to be explored in the future.

Strategically redefine the target market for the Port of Wines

The target market for the Port of Wines has been strategically redefined to attract the larger general market wine consumer. This has been evident in the volume growth in this category over the last few years. The way in which we have done this is by establishing POW satellite sections in 22 stores across the province, adjusting the product mix, improving signage, and executing a Port of Wines merchandising display program in these satellite stores. The Port of Wines Festival has also been successful in attracting regular wine consumers to attend the Festival and then to feel comfortable browsing and purchasing at the Port of Wines stores.

Review pricing policy and systems to fine-tune opportunities for increased revenue

All financial objectives have been met and pricing procedures have ensured that the liquor industry is treated fairly with consistent and impartial performance. Pricing policies were adjusted to ensure the customers were provided with (1) value-priced products and (2) better value on larger-size products, while maintaining a level of profit required to operate the business effectively and efficiently. This program continues for the 2001–02 fiscal year.

Ongoing merchandising management program

Merchandising activity has increased year over year, thereby providing additional revenue for government, an opportunity for suppliers to promote and grow their brands, and a more exciting retail environment for the customer. The merchandising focus for this year has 1) encouraged the sale of more-profitable categories/brands, 2) expanded the impulse-at-cash opportunities, 3) promoted the Food for Thought concept, and 4) introduced the Contemporary Classics (cocktail) concept. While promoting incremental profit opportunities for the NSLC, merchandising has also balanced this by promoting the Red Tag Value Program, thus maintaining a competitive marketplace for the Nova Scotia beverage alcohol consumer, especially in the spirit and beer categories. This is an ongoing program. We will continue the focus of promoting premium profit brands and categories, incremental profit opportunities, and the Red Tag Value Program to ensure there are appropriate price alternatives in the marketplace.

Ongoing monitoring of the Energy Management program

All stores identified in the plan have been completed and kilowatt-hours of energy have been reduced. Retrofitting of the Head Office Distribution Centre has begun with the same objective/goal of reducing energy usage.

Integrate product management system

A fully integrated Product Management System will be implemented by the end of the fiscal year 2000–01, which includes the following modules/applications/functions: listing, buying, receiving, storage, financials, reporting, and monitoring. The objectives identified at the beginning of the project have been reviewed and have

been achieved with a more formal assessment to be performed during our detailed testing phase.

Integrate shipping container codes (SCC) and pallet shipping codes.

Implementation of SCC (serial container code) for warehouse purposes will be implemented as industry requirement targets dictate.

Improve end-user processes; focused retail execution

Focus was placed on ensuring retail tasks were structured to deliver improved service levels on our merchandise mix, combined with impact promotional displays of top-selling brands. The result has been greater customer awareness of product selection and a stronger competitive environment within our retail stores, with improved customer ratings on overall product selection available at our retail outlets.

Review retail activity for maximum productivity and social contribution

Retail store tasks continue to be customer focused and broadened to incorporate both retail and social aspects of the NSLC. The result has been a greater awareness and focus on customer service, providing both strong product knowledge and education on responsible consumption of beverage alcohol. Our Check 25 program will generate an estimated 200,000 ID reviews within our retail stores, while promoting responsible use of beverage alcohol consumption within communities throughout the province. Over 800 NSLC employees have received training in socially responsible retailing.

Eliminate report duplication and redundant procedures

The implementation of the Product Management System has reduced redundant procedures and eliminated report duplication in the warehousing area including shipping and receiving. One example is that product-receiving information will be electronically available on line, and warehouse personnel will utilize this technology when receiving and shipping products. Lead times have also been reduced for some of the manual procedures.

Enhance store-based Inventory Management system

Continued refinement of inventory management within our retail stores has deliv-

ered higher service levels with stronger, defined store assortments to reflect local customer demand, while allowing us to be more aggressive in new product selection and offerings. The overall impact continues to be solid sales performance with improved store inventory turnover rates, which are on target to exceed 18 turns this year, and broadened assortment tailored to distinct customer demand within a store's trading area.

Ongoing category management program

The NSLC continues to optimize customer satisfaction in product selection, maximize average gross profit per stock keeping unit, ensure equitable treatment of all suppliers, and honour all trade agreements. All categories are fine-tuned in response to emerging trends, new products, and new categories.

Thematic programs

In relation to thematic programs, Merchandising focused on the Christmas theme "World of Holiday Cheer." This slogan and appropriate graphics were designed in house and were used for all advertising/signage relating to Christmas. Other smaller themes included Valentines Day, Mother's Day, Beaujolais Nouveau, etc.

Ongoing implementation of Physical Resource plan

All retail outlets identified for this fiscal year will be completed as planned. The right-sizing of our retail outlets has increased sales per square foot, allowed for the disposal of surplus space, reduced occupancy costs, and increased the ratio of retail area to warehouse areas. This program requires continuous evaluation to ensure that space is being fully utilized resulting in the right-sizing of facilities.

Research strategic site location

The criteria for store site selection have been redefined The criteria are used to increase customer service and satisfaction while increasing profits. An example is the new store opened in Fall River, which is operating at a net profit approximately 4 percentage points higher than the provincial average.

Expand the refreshment wine category

This category's sales dollars have grown over 60 per cent in one year. This category will continue to grow.

Expand the Beers of the World program

The number of listings in the imported section of the beer category has continued to increase to meet customer demands. We are conducting a test to determine if displaying brands in separate units for increased visibility will increase gross profit. The test will continue through the next quarter, and the results will be reviewed and measured.

Develop the Tall Ships Merchandising Program

Customers were well informed of the activities taking place during the Tall Ship festivities. Specialty products were offered, and suppliers sponsored some of the major events happening in the downtown area.

Develop key retail management skills and staff customer skills

Retail training and development continue to be a key mandate of the operation areas, with our target being "Exceptional Customer Service." This year our retail store staff have completed over 8,000 training modules focused on customer service and retail strategies. The result has been continual improvements in customer comments covering all aspects of our retail stores, from general appearance and cleanliness to merchandise displays and high grades for our friendly, knowledgeable store staff. An overwhelming 87 per cent of all customers rate our employee service as positive.

Execute ongoing social responsibility programs and to develop new ones

The NSLC continues to support the following social responsibility programs: Safe Graduation, Blue Thunder, Don't Buy for Minors. The NSLC was also the key sponsor for the Metro Transit's "Ride Free" program for New Year's Eve. The Plan Ahead to Get Home Safe program is the cornerstone of the NSLC's anti-drinking and driving campaign. The Global TV network has also worked with the NSLC and developed a TV ad that features the Plan Ahead program, and this ad is aired regularly on this network as a public responsibility message. Our fundraising efforts for the IWK, United Way, and Children's Wish Foundation continue to raise significant dollars for these charities along with other charities in our retail cash can program.

Enhance the NSLC website

Enhancements have been made to the website, and the traffic has increased.

Develop a retail customer newsletter

This activity was postponed during the year due to other priorities and limited resources.

Enhance customer service training modules

We introduced a new Merchandising Display Manual in October 2000. Our goal is to take all retail staff through this intense Merchandising Training Manual by the end of the fiscal year; March 31, 2001. We are excited about the impact this manual will have on the overall presentation of products within our stores.

Develop a vendor performance system

A framework and clear set of guidelines have been established that measure our suppliers (benchmarking) in an objective manner to meet the NSLC's needs. A vendor performance system identifies areas of improvement and how to obtain the highest combination of quality and value available from our supply base. The next fiscal year will focus on the automation and integration of this methodology into our Product Management software.

Communications

Communications Plan

Objectives

- To minimize communication problems.
- To maximize communication opportunities.

Strategies

- Proactively search for new communication opportunities.
- Fine-tune and continue to execute communication opportunities/vehicles/events with key audiences.
- Fine-tune and continue to execute media relations policies and procedures.
- Fine-tune and continue to execute an issues action program.

Programs/ Policies and Procedures

- *Issues Action Program*

  All senior management are required to identify any issues or events in their area that might precipitate a media inquiry. The issue or event must be immediately documented and sent to the media spokesperson for review.

- *Media Relations Policy and Procedure*
  - All media inquiries are sent to NSLC media spokesperson.
  - NSLC operational issues are referred to NSLC management.
  - Government policy issues are referred to the Minister in Charge of the Liquor Control Act, where appropriate.
- *Public Relations Program*
  - Target audiences/communication vehicles/events.

Communications Plan

Target Audiences	Key Messages	Formal Vehicles
Retail Customers	The NSLC will strive to provide responsive and progressive service with a variety of quality-controlled products in modern facilities	Consumer Guide; Christmas catalogue; newspaper; radio/TV; website; in-store signage.
Licensee Customers	The NSLC will strive to provide responsive and progressive service with a variety of quality-controlled products in modern facilities.	Licensee Line; monthly price lists.
Public	The NSLC will strive to operate in a socially responsible manner.	Press releases; editorials. Annual Report.
Government	The NSLC will strive to generate revenue as a retailer through efficient financial and operating practices.	Annual Financial Business Plan Annual Report.
Suppliers	The NSLC will treat the liquor industry fairly, with consistent and impartial performance in such areas as advertising, shelving policies, in-store merchandising, promotions, listings, and pricing.	Open Line Newsletter.
Employees	The NSLC will strive to provide its employees with progressive management, equality of opportunity and career development.	Spirited Informer; employee bulletins.
Union	The NSLC will encourage open and fair relationships with all union and non-union employees.	Human Resources and Division Directors.

Human Resources

Human Resources Management Plan

Objectives

- To obtain and retain quality employees, who are committed to the organization.
- To recruit, promote, train, and provide a safe workplace for NSLC employees in a manner consistent with organizational needs.
- To provide a set of terms and conditions of employment for NSLC employees while maintaining the goals of the organization.

Recruitment

The Nova Scotia Liquor Commission will strive to recruit the best-qualified candidates for all positions and will continue to ensure that our obligations under the Employment Equity program are met.

Promotions

The NSLC will strive to ensure that staff are promoted on the basis of skill/ability and will endeavor to promote the best-qualified candidates.

Training and Staff Development

In these periods of reduced staff levels it is exceedingly important that all employees receive the necessary training to carry out the functions of their positions.

The NSLC will present the opportunities for staff to receive the necessary tools to carry out their job duties and to prepare them for advancement. In so doing, the NSLC has converted the majority of its training to a correspondence module basis. Currently, 24 modules are offered to employees in this way. Courses range from Product Knowledge and Customer Service to Safety. The successful completion of designated modules is a prerequisite for promotion within the store system. In excess of 9,800 modules have been successfully completed by staff.

Occupational Health and Safety

The Nova Scotia Liquor Commission fully supports occupational health and safety initiatives and will continue to ensure that the workplace is safe and that the staff are trained to perform their jobs in a safe manner.

The Nova Scotia Liquor Commission will continue to support the Joint Occupational Health and Safety Committee and to

provide its members with the necessary tools and training to fulfil their mandate.

The NSLC will continue to explore and implement programs such as the Prevention/Early Intervention Project, which will aid employees in an orderly return to work following an absence.

Affirmative Action

On December 11, 1996 the Nova Scotia Liquor Commission entered into an Affirmative Action Agreement with the Nova Scotia Human Rights Commission formalizing an ongoing policy at the NSLC.

The organization is committed to developing a work force through a combination of recruitment, hiring, and training practices that reflects the composition of the general labour market population.

Information Technology

Information Resource Management Plan

Hardware

Objective: To ensure that the investment in hardware supports current and future organizational structures and functions that are required to meet overall goals and strategies.

Software

Objective: All software applications will be compatible to avoid or eliminate duplication of effort and duplicate sources of entry.

System Support

Objective: To ensure that system support staff are technically skilled to effectively provide support for computer assets and that appropriate and effective procedures are in place to safeguard information system assets and to ensure the continuity of essential business operations.

Training

Objective: The NSLC will support computer literacy training and ensure that users and system staff are equipped with the appropriate tools and training to best support their functions and work effort.

Summary

The Information Resource Management Plan supports NSLC's long-range strategy to focus on continuous improvement throughout the organization in order to meet short-term needs and to pursue longer-term opportunities and strategies

as a retail organization. This ensures that there is efficiency, consistency, compatibility, reliability, and overall functionality not only throughout the NSLC but also with our stakeholders, customers, and partners. The strategies and objectives are reviewed annually to ensure that they are consistent with organizational goals and objectives. Keeping up to date on trends in the industry as well as on what others in the retail business are doing ensures that the most cost-effective solutions are recommended and implemented.

Long-Range Goal

To develop a fully integrated, efficient, and reliable information system infrastructure for the NSLC.

Financial Forecast

($,000s)

Actual 1998–99	% to Sales	Actual 1999–00	% to Sales	Projected 2000–01	% to Sales		Budget 2001–02	% to Sales
695,662		723,589		724,033		***Volume (Hectos)***	729,107	
351,982	100.0%	371,365	100.0%	374,782	100.0%	**Sales**	385,516	100.0%
						***Discounts**	990	
176,451	50.2%	187,609	50.5%	189,123	50.5%	**Cost of Sales**	194,473	50.5%
175,211	**49.8%**	**183,756**	**49.5%**	**185,659**	**49.5%**	**Gross Profit**	**189,783**	**49.2%**
						Expenditures		
32,030	9.1%	33,787	9.1%	33,808	9.0%	Store Operating Expense	34,783	9.0%
3,774	1.1%	3,850	1.0%	3,653	1.0%	Warehousing & Distribution	3,695	1.0%
3,897	1.1%	3,465	0.9%	3,413	0.9%	Depreciation Expense	3,362	0.9%
10,461	3.0%	8,522	2.3%	8,802	2.3%	Administrative Expense	8,811	2.3%
514	0.1%	1,067	0.3%	1,085	0.3%	Other Expense	1,706	0.4%
5,483	1.6%	2,856	0.8%	2,992	0.8%	Other Revenue	3,323	0.9%
794	0.2%	791	0.2%	895	0.2%	ERIP Expense	1,017	0.3%
45,987	**13.1%**	**48,586**	**13.1%**	**48,665**	**13.0%**	**Total Expenditures**	**50,050**	**13.0**
129,223	**36.7%**	**135,170**	**36.4%**	**136,994**	**36.6%**	**Net Operating Income**	**139,733**	**36.2%**

***Discounts** pertain to agency and private wine stores.

Crown Corporation Business Plans

Nova Scotia Municipal Finance Corporation

Business Plan 2001–02

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Introduction

The Nova Scotia Municipal Finance Corporation (MFC) was established by an act of the Legislature of the Province of Nova Scotia in 1979. The MFC concept is widely used in Canadian provinces and American states as a cost-effective, efficient means of raising long-term debenture funds to finance municipal capital projects. Studies have shown that smaller municipalities with lower credit ratings receive the greatest interest savings from MFC participation and that all municipalities can benefit from savings in the cost of administration on outstanding debenture issues.

The corporation's purpose is to provide low-cost financing to its clients, which include municipalities, municipal enterprises, school boards, and hospitals. All municipalities, municipal enterprises, and school boards must finance, and hospitals may finance, their external capital requirements through the corporation. Exceptions occur for capital projects funded directly by the Province of Nova Scotia (e.g., most school board capital projects), short-term financing, and certain projects for which funds may be borrowed from other governments. Under current provincial policy, the corporation funds municipal and municipal enterprise capital projects and some school board projects.

The affairs of the corporation are managed by a board of directors appointed by the Governor in Council. Forty per cent are appointed on the recommendation of the Union of Nova Scotia Municipalities. The three full-time staff of the corporation are supported through staff and resources from the provincial Departments of Finance, Justice, and Service Nova Scotia and Municipal Relations.

As of the 1999–2000 fiscal year-end, the corporation had $616,943,000 in debentures issues and $612,502,241 in loans outstanding. Debentures and loans are directly administered by staff of the corporation, with assistance from the Nova Scotia Department of Finance. The corporation also administers sinking fund trusts valued at $100,319,585 on behalf of municipal units for non-serial issues. The administration budget for 2000–01 is $245,000.

The challenges facing the corporation in the upcoming year are

1. Identifying client needs and responding to them. This is an ongoing challenge to any client-oriented organization and the MFC is no exception. Local governments in Nova Scotia are encouraged to undertake long-term capital planning and explore financing options. The MFC sees its role as one of regular communication with local governments to ensure they are aware of capital financing options and to develop or adapt products to meet their requirements.
2. Keeping abreast of developments in local government capital finance. As a specialist organization, the MFC is challenged to develop, maintain, and demonstrate an expertise in local government capital finance. A related issue is credit enhancement, where options in addition to the provincial guarantee or purchase of MFC debentures, which is currently used, are bond insurance, revenue bonds, strong stand-alone credit ratings (e.g., BCMFA), expanding the pool of borrowers, and the use of reserve funds. The MFC board of directors will take a proactive role with respect to this issue. The MFC communicates with the investment community, other MFCs, local governments outside of Nova Scotia, professional associations, and the academic community.
3. Maintaining financial self-sufficiency. In order to meet its mandate, it is incumbent on the corporation to ensure that it is economically viable in both the short and long terms. This includes a matching of assets and liabilities, maintaining banking arrangements and credit facilities, adequate reserves, and the ability to cover administration expenses.
4. An important challenge to the Nova Scotia Municipal Finance Corporation is to provide service and to meet the needs of each municipality, while maintaining the integrity of the municipal finance model.

Mission

To utilize credit enhancement and debt-pooling techniques to meet clients' approved funding requirements at the lowest possible cost.

This is achieved through the issuance of debentures. The corporation pools municipal borrowing requirements, which eliminates the need for individual municipalities to negotiate and administer their own debenture issues. Under the MFC arrange-

ment, the debt issuance functions remain in the public-sector domain.

The benefits (both in terms of interest rates and administration of issue expenses) of pooling individual municipal capital-borrowing requirements would be lost if each municipal unit were to access the market directly. If the province were to raise the funds and make loans directly to municipal units, the function would become provincial and not municipal. The formation of the MFC was initiated by the 1975 "Proposal for Municipal Reform" study sponsored by the Union of Nova Scotia Municipalities. Forty per cent of the board of directors is appointed on the recommendation of the UNSM, a reflection of the desire to have strong municipal representation in the affairs of the corporation.

Strategic Goals

Goal 1

To work with clients, the Province, and the investment community in providing capital financing to our clients at the lowest cost of funds available for their particular debt structure and timing needs.

Goal 2

To explore and develop new methods and products for meeting the needs of our clients through contact with the investment community, the public sector, and academic research.

Goal 3

To promote responsible and professional approaches to municipal capital-project planning and financing (jointly with the Department of Service Nova Scotia and Municipal Relations).

Goal 4

To prudently manage all financial aspects of the corporation, including credit risk and asset/liability management.

The corporation's goals promote low-cost municipal financing for capital infrastructure and long-term financial planning and support the provincial themes of (1) providing the infrastructure that will allow the economy to grow and (2) encouraging an economic atmosphere that will allow Nova Scotians to find challenging work and retire in Nova Scotia. The MFC goals also support the province's central themes of "creating opportunities at home—by investing in Nova Scotians" through its role in financing the community

infrastructure needed to encourage and sustain economic development and a number of essential and desirable local services.

Core Business Functions

Provide low-cost funds to clients.

- Provide financing for clients' approved funding requirements by pooling these requirements and issuing debentures. Separate issues can be arranged for single capital projects in amounts sufficient to permit a public issue, provided they do not preclude a pooled issue for other clients.
- Administer debt issues and loans to further reduce client borrowing expenses. This involves the collection and administration of loans from clients and the payment of interest and principal on debentures outstanding. Other administrative functions include the management of computerized loan and debenture systems, the issuance of income tax receipts to investors, budgeting, accounting, reporting, and office administration.
- Administer sinking fund trusts on behalf of clients. A number of the outstanding debenture issues are of the bullet type, with no principal payments until the end of the term. Sinking fund trusts exist for each of these debenture series, and these trusts are administered by the corporation. The administration includes security purchases, administration of investment income from securities held, analysis of the adequacy of current levels of installment payments to meet loan repayment requirements at maturity, fund valuation at year-end and at maturity, reporting, and accounting.

Explore improved methods and products in meeting client needs.

- Maintain communication links with the investment community, public-sector finance practitioners, and academics and carry out research as required to enable the corporation to respond to changing client needs.
- Periodically review the present methods of loan approval and credit enhancement and evaluate their suitability to the current environment.
- Prepare and review policy recommendations regarding the corporation's use of financial innovation techniques and instruments.
- Assist local governments in evaluating alternative methods of raising capital project financing including partnerships with the private sector.

Encourage municipal government to adopt and maintain a professional approach to capital project planning and finance.

- Educate municipal clients on the topic of capital finance through seminars and field visits.
- Work with Service Nova Scotia and Municipal Relations in promoting an informed and responsible approach to capital planning and finance.

Prudent financial management

- Ensure that an acceptable process is in place for evaluating the credit-worthiness of the loans made by the corporation.
- Ensure that the corporation's assets and liabilities (as well as those it manages in trust) are matched in both amount and duration).

Performance in 2000–01

Provide low-cost funds to clients.

- Issued $52,410,000 in debentures and on-loaned a similar amount to clients.
- Responded to client needs in a timely fashion by pricing issues within six to seven weeks of formal municipal requests. This length of time is a result of the need for both MFC and the province to pre-approve the parameters used when negotiating the debenture issues.
- Administered $718,000 in short-term financing pending issuance of a debenture.
- Administered $617 million in outstanding debentures, which included the payment of debenture interest.
- Administered $613 million in outstanding loans to municipalities, school boards, and hospitals.
- Invested and administered pooled sinking fund trusts valued at $100 million.
- Compared favourably with other Canadian MFCs on the basis of administration costs per loan, new issue placement, and sinking fund administration costs.
- Undertook a review of the sinking fund investment policy.
- Prepared an annual assessment of markets, debentures, loans, and corporate activity.

Explore improved methods and products in meeting client needs.

- Participated in an MFC/interdepartmental/municipal committee to explore municipal interest and the practicalities of developing a pooled lease financing

program for Nova Scotia municipalities, which completed its work and presented its findings to interested parties.

- Was represented on implementation committees relating to the provincial/municipal roles and responsibility review initiative.
- Provided advice to the consultant responsible for the financial evaluation of a large municipal capital project.
- Held meetings with the corporation's lead managers and other members of the investment community, staff of the Nova Scotia Department of Finance, and other municipal finance corporations to discuss trends and developments in municipal capital financing.
- Improved the NSMFC website.

Encourage municipalities to adopt and maintain a professional approach to capital project planning and finance.

- Conducted 15 field visits during the year.
- Worked with staff of Service Nova Scotia and Municipal Relations and/or municipal staff in developing responses to municipal capital financing proposals.
- Responded to the information needs of municipalities and the investment community.

Prudent financial management.

- Obtained verification of credit-worthiness from Service Nova Scotia and Municipal Relations prior to setting the parameters for pooled issues.
- Matched the amount, term, and timing of MFC debentures and loans to units.

Priorities for 2001–02

Provide low-cost funds to clients.

- Meet all approved requests for debenture funding by issuing up to $100,000,000 in debentures and on-loaning a similar amount to municipal units and enterprises.
- Meet the capital funding needs of non-municipal borrowers when requested to do so by the Province of Nova Scotia.
- Meet all requests for short-term financing pending issuance of a debenture.
- Undertake a review of the process used to determine the credit-worthiness of MFC clients.
- Administer $617 million in outstanding debentures, which includes the payment of debenture interest.
- Administer $613 million in outstanding loans to municipalities, school boards, and hospitals.

- Invest and administer sinking fund trusts valued at $100 million.
- Continue to compare favourably with other MFCs on the basis of administration costs per loan, new issue placement, and sinking fund administration costs-to-service ratios.
- Prepare an annual assessment of markets, debentures, loans, and corporate activity.

Explore improved methods and products in meeting client needs.

- Consult with municipal officials on capital financing needs and the preferred features in the debentures issued through the MFC.
- Consult with clients on additional financial services that they may require.
- Initiate a review of the present methods of loan approval and credit enhancement and evaluate their suitability to the current environment.
- Proceed with the next steps of the pooled leasing initiative.
- Establish committees, as required by the board, to study the merits of financial innovation regarding the introduction of new products and services.
- Work with the corporation's lead managers and other members of the investment community, staff of the Nova Scotia Department of Finance, other municipal finance corporations, and others involved in municipal capital financing to identify evolving local government financial product needs and the optimum means of satisfying them.
- Maintain the NSMFC website.

Encourage municipalities to adopt and maintain a professional approach to capital-project planning and finance.

- Communicate with existing and future clients.
- Collaborate with staff of the Department of Service Nova Scotia and Municipal Relations in developing responses to municipal capital financing proposals.
- Respond to all inquiries on interest rate levels, projections, and funding options.

Prudent financial management.

- Obtain verification of credit-worthiness from the Department of Service Nova Scotia and Municipal Relations prior to setting the parameters for pooled issues.
- Match the amount, term, and timing of MFC debentures and loans to units.

Outcomes and Outcome Measures

Strategic Goal ▶ *Provide low-cost funds to clients.*

Outcome	Indicator	Measures
• Meeting approved client financing requirements	• Response to approved requests for financing	(1) Percentage of formal requests complied with through the debenture-issue immediately following the request (2) Average response time to formal requests—measured in weeks.

Strategic Goal ▶ *Explore improved methods and products in meeting client needs.*

Outcome	Indicator	Measure
• Awareness of new financial products and features that may benefit clients	• Amount of communication with clients, investment community, academics, and public sector counterparts	Percentage of potential borrowers contacted

Strategic Goal ▶ *Encourage municipalities to adopt and maintain a professional approach to capital-project planning and finance.*

Outcome	Indicator	Measure
• Optimum use of capital funds and improved community infrastructure	• Information on capital planning and finance	Percentage of borrowers with a capital budgeting, planning, and financing strategy

Strategic Goal ▶ *Prudent financial management.*

Outcome	Indicator	Measure
• Matching of assets and liabilities.	• Information on MFC pooled debenture issues and loans to municipal clients.	Similarity of aggregate amounts, terms, and timing of debentures and loans.

Communications

The corporation's key message is its function: i.e., to provide municipalities, municipal enterprises, and other categories of public borrowers selected by the province, with approved funding at the lowest possible cost. The audience for this message is our client base and the investment community.

Human Resources

In order to provide the level of staff resources required to meet all priorities of the corporation, the following steps should be taken:

- Maintain the current emphasis on utilizing up-to-date information technology, which recognizes that improvements in technology are essential to the effectiveness of the operation.
- Maintain staff and resource support from the Departments of Finance, Service Nova Scotia and Municipal Relations, and Justice in existing operational areas. This support has been excellent in the past and continues to be required if all priorities are to be met.

Information Technology

Technology is used as an enabler of efficient and effective service delivery. Benefits to the corporation in debt and general administration are provided through direct connections to the LAN at Service Nova Scotia and Municipal Relations and debenture and loan administration program at the Department of Finance. It is essential that the resources continue to be made available for upgrades in equipment and software as well as staff training.

Financial Services

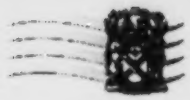
Existing financial services are adequate.

Budget

The corporation's administration budget for the next four years is estimated to be as follows:

Budget		*Budget Request*			
2000–01		*2001–02*	*2002–03*	*2003–04*	*2004–05*
	REVENUES				
245,323	Non-Government	273,333	282,098	289,548	295,947
245,323	**TOTAL REVENUES**	**273,333**	**282,098**	**289,548**	**295,947**
	EXPENDITURES				
192,818	Salaries & Benefits	198,148	204,018	210,063	216,287
52,505	Operating Costs	75,185	78,080	79,485	79,660
245,323	**TOTAL EXPENDITURES**	**273,333**	**282,098**	**289,548**	**295,947**

Crown Corporation Business Plans



Nova Scotia Power Finance Corporation

Business Plan 2001–02

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Introduction

Under an Asset Transfer Agreement, dated August 10, 1992, Nova Scotia Power Corporation (NSPC) transferred all of its existing assets, liabilities, and equity, except for long-term debt and related sinking funds, to the privatized company Nova Scotia Power Inc. (NSPI) in exchange for matching notes receivables equivalent to outstanding long-term debt, matching notes payable equivalent to sinking fund assets, and an amount of fully paid common shares. The latter were sold in a secondary offering on August 12, 1992.

Subsequent to the reorganization and privatization, the business activities of NSPC continued under NSPI. Concurrently, the Nova Scotia Power Corporation changed its name to Nova Scotia Power Finance Corporation (NSPFC). NSPFC retained the long-term debt, which is guaranteed by the province, and the related sinking funds. The entire original debt of $2,152,879,732, guaranteed by the province, was offset by sinking funds and the balance defeased as per the agreed schedule to December 31, 1997.

In terms of the Nova Scotia Power Reorganization (1998) Act, NSPI was re-organized as a holding company, Nova Scotia Power Holdings Inc., in December 1998. The holding company structure does not change the underlying obligations under the existing agreements. The holding company changed its name to Emera Incorporated on 10 July 2000.

Mission

To ensure that the debt of Nova Scotia Power Corporation (NSPC), guaranteed by the province, is discharged in an orderly and timely manner.

Strategic Goal

Goal 1

After December 31, 1997, to monitor the adequacy of the defeasance portfolio and to ensure the repayment of all NSPC debt guaranteed by the province.

Core Business Function

NSPFC is responsible for monitoring the defeasance and repayment by NSPI of its debt guaranteed by the Province of Nova Scotia. NSPFC holds notes payable by the NSPI in case of default of NSPC debt repayment.

Performance in 2000–01

- The Defeasance Agreement required the defeasance of a minimum of $1,381,600,000 of outstanding NSPC debt by December 31, 1997. This minimum has already been met and surpassed, $1,440,290,000, having been defeased by March 31, 1997.
- The outstanding debt of C$1,025,000,000 and US$ 300,000,000 remains unchanged as at 31 March 2000; defeased assets as at March 31, 2000 were also unchanged at C$1,025,000,000 and US$300,000,000, thus rendering the guaranteed debt fully defeased.

Priorities for 2001–02

- To ensure continuing progress towards elimination of NSPC debt guaranteed by the Province of Nova Scotia and defeased by NSPI.
- To ensure the defeasance assets are of such a quality that the defeasance program will have a very high likelihood of achieving its goals.

Outcomes and Outcome Measures

- Entire outstanding debt defeased as indicated in financial statements.
- Adequacy of defeasance assets certified by the auditing firm of Deloitte & Touche.

Communications

NSPFC will make a public announcement when this report is tabled in the Nova Scotia Legislature.

Human Resources

Nova Scotia Power Finance Corporation has no employees. NSPC executes the necessary transactions to create and maintain the defeasance portfolio. The monitoring of NSPI debt defeasance is performed by a board of directors, appointed by the Government of Nova Scotia, with staff support from the Nova Scotia Department of Finance. The accounting firm of Deloitte & Touche certifies the defeasance assets arranged by NSPC.

Information Technology

Information technology services are supplied by the Department of Finance.

Financial Services

NSPFC has no corporate expenditures; under terms of the NSPC privatization, NSPI is responsible for expenses of the NSPFC.

Crown Corporation Business Plans

Nova Scotia Resources Limited

Business Plan 2001–02

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Mission

To maximize the value of its asset base in Nova Scotia's petroleum and energy industry by selective participation in ongoing projects and prudent investment in future development opportunities as they arise. This business is primarily conducted through Nova Scotia Resources (Ventures) Limited (NSR(V)L).

Strategic Goals

In fiscal year 2000 the Province of Nova Scotia decided to place the shares of Nova Scotia Resources Limited on the market and hired Scotia Capital to solicit bids for these shares and manage the sale process. This process is nearing completion with the announcement by the Minister of Finance on February 6, 2001 that NSRL would be purchased (effective December 1, 2000) by a group consisting of Emera Inc., Pengrowth Energy Trust, and PanCanadian Petroleum Ltd for $420 million. This sale is subject to a number of terms and conditions, such as Rights of First Refusals (ROFRs), that have the potential to alter the outcome of the sale. Until closing, the company will continue to operate on behalf of the new owners with business as usual. NSR(V)L's major strategies for the coming year are as follows:

- Continue active participation in the Sable Offshore Energy Project (SOEP) and support efforts by the operator to improve facility reliability, increase production volumes, and tie in additional reserves.
- Participate in joint studies to evaluate opportunities to develop significant discovery licences (SDLs) surrounding the SOEP infrastructure and increase long-term revenue.
- Continue to pursue opportunities to make use of the existing physical infrastructure at Cohasset and Panuke to promote early development of PanCanadian's Deep Panuke discovery.

Core Business Functions

The company's main business function is to manage the province's equity interests in offshore oil and gas development.

It has operated continuously since 1981. In the early 1990s NSR(V)L participated in the development of the Cohasset and Panuke oil fields, resulting in the first offshore oil production in Canada. This project ceased production at the end of 1999, and most wells have now been abandoned.

In 1998, NSR(V)L drilled an exploration well into deeper structures below the Panuke field along with its partner PanCanadian. In 1999, NSR(V)L elected to farm out its working interest in Deep Panuke to PanCanadian in return for a gross overriding Royalty on production revenue. PanCanadian has continued to delineate this discovery and is expected to make a decision on development early in 2001.

The Panuke and Cohasset production platforms remain in place and may be used in any future development. In December 1999 the SOEP commenced production. During 2000, production from SOEP has steadily increased, adding significantly to NSR(V)L's revenues. Development of SOEP fields continues, with preliminary work on development of Alma currently under way.

Assets

The company's current assets include

- A 50 per cent interest in the COPAN project, which is now depleted. Wells have been abandoned, and offshore facilities have been mothballed. PanCanadian has agreed to pay 100 per cent of the cost for ongoing maintenance of offshore facilities during the interim period while plans for reuse or removal are finalized. Some producible oil remains, which may be economically recoverable in conjunction with a development at Deep Panuke
- An 8.4 per cent interest in SOEP, including gas reserves in six fields, offshore processing facilities, subsea pipelines, onshore gas plant, and liquids fractionation plant. The project is now producing at pipeline takeaway capacity. Production is expected to increase in 2001 as additional lateral pipelines are completed on the Maritimes & Northeast Pipeline system.
- An overriding royalty of 2 per cent of gross revenue, less transportation costs, on any hydrocarbons produced from deep horizons in the Panuke CDA.
- Interests in 11 other potential oil and gas fields held under significant discovery licences (SDLs) issued by the

Canada–Nova Scotia Offshore Petroleum Board (CNSOPB).

- A significant database of information relating to oil and gas exploration prospects offshore Nova Scotia as well as a decade of experience with oil and gas development and operations in the Nova Scotia offshore area.

Outcomes and Outcome Measures

Goal ▶ *To sell NSRL while maximizing shareholder value*

Outcome	Indicator	Measure	Target	Strategies to Achieve Target
• Sale of shares and assets of Nova Scotia Resources Limited and affiliates	• Response from 17 companies interested in buying NSRL.	• Highest price offered for NSRL—$420 million	• Closing by June 2001	• Retain Scotia Capital to manage the sale process to sell NSRL.
• Smooth transition to buyer	• Participation by buyer	• Less reliance on NSRL staff		• Continue to conduct day-to day-business until closing, while letting new buyer become familiar with operation.

The Province of Nova Scotia has recently forgiven NSRL's outstanding debt to assist in the sale of NSRL. NSRL's ongoing debt-servicing cost has therefore been eliminated. Recent higher product prices have increased short-term revenue projections substantially.

On a consolidated basis, NSRL will generate a net positive cash flow in 2001, after all capital and expense items. NSRL expects to be able to fund any capital expenditures for SOEP Tier II fields and future SDL development out of ongoing revenues.

Communications

The following is a press release made on February 6, 2000 by the Chairman of the Board of NSRL and the Minister of Finance.

NSRL Directors Back Sale of Company Nova Scotia Resources Limited

February 6, 2001

An agreement to sell Nova Scotia Resources Limited for $420 million is being backed by the company's board of directors.

Board Chair Steve Parker said the directors recommended the deal to the provincial government because it represents the highest bid and a fair market price.

The deal, signed in Halifax, is with Emera Inc., Pengrowth Energy Trust and PanCanadian Petroleum Ltd. They would pay a total of $420 million for the assets and shares of NSRL and its affiliates.

The sale of certain assets must now be offered to two NSRL partners in the Sable Offshore Energy Project. Completion of the deal also requires agreement with certain other Sable-related parties.

The sale does not include the two per cent gross overriding royalty in the proposed Deep Panuke project. This royalty will be transferred to the province to enable taxpayers to maintain a risk-free economic interest in this project. The arrangement does not require the province to make any further capital spending commitments on Deep Panuke.

In addition to the $420 million purchase price, the sale includes a commitment by Emera and Pengrowth to contribute a total of $1.5 million over the next five years into offshore technical training for Nova Scotians. Pengrowth also expects to open an office in Nova Scotia in support of its new investment and future developments.

PanCanadian already has a strong Nova Scotia presence with a commitment to spend $105 million in offshore exploration this year. Emera has a majority of its activities in Nova Scotia and has its headquarters in Halifax.

Nova Scotia Resources Ltd. retained Scotia Capital Inc., a major Canadian investment dealer, to act as financial advisor to the sale processes, Parker said.

"The high bid is a direct result of the professional commercial sale process run by

Scotia Capital," he said. "In the end, a number of aggressive bidders competed with each other to buy the assets, and that helped us achieve a fair market price for the company and the best price for the taxpayers of Nova Scotia." The value of the bid was also influenced by strong natural gas prices and widespread international interest in Nova Scotia's growing offshore energy sector.

As part of this sale process, the NSRL board obtained an opinion from Scotia Capital stating that the transaction is fair from a financial point of view.

The first step in the sale process would have Emera purchase NSRL's physical assets associated with Sable Offshore Energy Project. Emera would then sell to Pengrowth the benefit of NSRL's 8.4 per cent share of the SOEP gas reserves. Pengrowth would pay Emera a processing fee for this gas. Once the assets associated with SOEP have been transferred out of the company, PanCanadian would purchase the shares of NSRL and its affiliates. It would then own the remaining assets, including interests in a variety of production and significant discovery licences.

The end result is that Pengrowth would effectively gain an 8.4 per cent share of SOEP natural gas and gas liquids, Emera would have a similar share of the processing infrastructure and earn fees for gas processed while PanCanadian would gain ownership of the company itself and the remaining non-SOEP assets.

Closing of this transaction is subject to a number of normal and special conditions. The next step in the process is to offer the same deal on the asset sale to SOEP partners Shell Canada Limited and Exxon/Mobil Canada Properties. If the Right of First Refusal is exercised by either Shell, Exxon/Mobil or both, the province is obligated to pay Emera and Pengrowth approximately $4.2 million to cover their costs related to entering into the transaction.

Should Exxon/Mobil or Shell Canada decline to exercise their rights, this deal is also subject to certain agreements with other SOEP-related partners. Should these agreements not be obtained, the province reserves the right to terminate these Purchase and Sale Agreements in full. In this instance, the province would have the option to either retain NSRL or continue the sale process, depending on market conditions. It is anticipated that the sale

process will be completed or terminated later this spring.

The net proceeds from the sale will be reduced by the expenses associated with the sale. Those expenses will be approximately $4.5 million. This amount includes legal accounting and other professional fees, investment banking fees and administrative expenses. Parker said the fees are low for a commercial transaction of this size and complexity. The net proceeds would be further reduced if the break fee payment is required to be paid to Emera/Pengrowth.

In order to facilitate, the province and NSRL entered into a settlement agreement with TransCanada Pipelines Ltd. This agreement concludes all outstanding litigation claims between the parties in exchange for a payment of approximately $5.5 million to TransCanada. This is roughly equal to the estimated legal costs associated with defending the province against the litigation. A provision for this settlement has already been reflected in the books of the company and is included in the forecast loss reported by the province in the December Year-End Forecast Update.

The chairman of Nova Scotia Resources Limited says his board of directors approves of the deal by which the provincial Crown corporation will be sold to private companies.

Steve Parker says the directors recommended the deal to the provincial government because it represents the highest bid and a fair market price.

The three private companies Emera Incorporated, Pengrowth Energy Trust, and PanCanadian Petroleum Limited will pay a total of 420-million dollars for the assets and shares of Nova Scotia Resources Limited and its affiliates.

SOEP Communications

As of December 31, 2000 well abandonment and facility mothballing activities were complete on the COPAN project. NSR(V)L will have no ongoing operating expenses related to this project, with the exception of some relatively minor insurance premiums, until activities commence to complete the final removal and disposal of the offshore platforms and flowlines. Timing of these activities has not been determined, and could be delayed indefinitely if facilities are reused in whole or in part for Deep Panuke development. When

appropriate timing for abandonment of offshore facilities is determined, NSR(V)L will pay its 50 per cent share of these costs.

As of December 31, 2000 NSR(V)L has paid approximately $192 million toward its share of SOEP project costs. Production increased over 2000 and is now meeting pipeline takeaway capacity. Ongoing problems with propane quality limited propane sales to specific markets and reduced netbacks in 2000. Steps are currently under way to resolve outstanding issues with respect to propane quality. NSR(V)L's share of production for 2001 will be approximately 42 MMcfd of natural gas and 1600 bbl per day of NGLs. Capital expenditures of $18.5 million are expected in 2001 to complete ongoing facilities improvement projects, drill two additional wells in the Venture field, and commence development work on the Alma field.

Human Resources

NSR(V)L operates with minimal staff, managing daily activities and reporting to a board of directors appointed by the shareholder. All budgets and major expenditures are approved at board level. Oil and gas technical expertise resides with the general manager, with accounting expertise provided by the accounting manager. This is supplemented by outside consultants as required to address specific technical, legal, audit, and tax matters.

The Department of Finance is responsible for the management of the company's borrowing program and foreign exchange risk. As of November 17, 2000 the province forgave all outstanding debt owed by NSRL to the province.

Resource Tax Pools

Through expenditures made on exploration and production activities, NSR(V)L has accumulated approximately $800 million in resource tax pools. These tax pools will be applied to reduce future taxable income generated from the SOEP and other projects.

Risks

The company's financial performance remains subject to five main elements of uncertainty. These elements can contribute to better than projected performance, or alternatively, can lead to weak results, depending on how key uncertainty factors fluctuate.

- **Geological.** As with any resource exploration venture, there is always a significant risk that exploration activities will not find sufficient resources to make production economic and recover costs. Once a discovery is made and developed, if the actual reservoir performance exceeds forecast predictions with respect to flow rates and reserves, this leads to higher revenues. Conversely, lower-than-predicted performance leads to lower revenues. The cash flow projections used in the analysis are at the 50 per cent probability level of the range of performance predictions.
- **Market.** If prices are higher than projected, revenues and rates of return rise. Conversely, lower-than-expected prices lead to lower revenues and returns. Gas prices are currently very strong in North America, and there has been a ready market for SOEP gas in the northeastern United States throughout 2000. This is expected to continue through 2001, with continued strong demand for SOEP gas. Prices are projected to ease somewhat over the next two to three years. SOEP condensate has found ready markets and is attracting premium prices as expected. The price of this product is dependent on the world price of oil. SOEP production of propane and butane is expected to continue to exceed current market demand in the Maritimes bringing a downside risk to pricing for these commodities, particularly during the summer months.
- **Exchange rates.** Fluctuation of the Canadian dollar affects revenues (since product sales are quoted in US dollars). Capital expenditures can also be affected, since a considerable portion of equipment and services are sourced internationally. Since NSRL's debt to the province of Nova Scotia has been forgiven, the effect of currency exchange fluctuations on debt-servicing cost has been eliminated.
- **Interest rates.** Since NSRL's debt to the Province of Nova Scotia has been forgiven and the company expects to finance future capital expenditures out of existing cash flow, the effect of interest rate fluctuations on cash flows has largely been eliminated.
- **Operational reliability.** Revenues are dependent upon the continued reliable operation of the SOEP facilities and the ability to meet product sales specifications. Many reliability issues were addressed in 2000, but some issues remain outstanding. As well, the turboexpander section of the plant is not yet fully operational. Any unexpected problems encountered may have a negative impact on revenues.

Budget

A 2001 budget has not been provided, as the effective date of the sale is December 1, 2000, meaning that all economic benefit incurred after December 1, 2000 will accrue to the buyer.

Rockingham Terminal Inc.

Business Plan 2001–02

Planning Context

Rockingham Terminal Inc. (RTI) is a special-purpose Crown corporation established in December 1998 by Order-in-Council. RTI was created to advance the development of a new container terminal in Halifax to accommodate post-Panamax size ships.

RTI was established to promote, manage, and protect the interests of the Province of Nova Scotia within the context of the competitive bidding process commenced by Maersk Inc. and Sea-Land Services Inc., an alliance of two of the world's largest container carriers. In May 1998 Maersk and Sea-Land issued a Request for Proposals to seven northeast North American ports to provide the alliance with a facility capable of handling their post-Panamax ships.

In December 1998 Halifax, the only Canadian port in the competition, was "short listed" along with Baltimore and New York/New Jersey. The deadline for the competition is open-ended and will be determined by Maersk and Sea-Land.

In order to facilitate the development of a proposal, the Province of Nova Scotia, the Halifax Port Corporation (now the Halifax Port Authority) and the Halifax Regional Municipality joined forces as the Halifax Port Group. Following the short-listing of the bid, the Province of Nova Scotia created RTI to act on its behalf during the bidding process. The province, through RTI, was the lead partner in all matters associated with the bidding process, facility development, and financing.

In May 1999 Maersk/Sea-Land announced they would pursue development of a facility elsewhere. RTI therefore wound up operations and has been dormant since the end of the 1999–2000 fiscal year. It is presently unfunded and inactive but RTI will remain incorporated in case future port development opportunities arise.

Crown Corporation Business Plans

Sydney Environmental Resources Limited

Corporate Plan 2001–02

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Introduction

The company was incorporated under the Nova Scotia Companies Act on July 10, 1990. The Governor in Council, on the report and recommendation of the Minister of Industry, Trade, and Technology and in accordance with the appropriate acts, approved establishment of Sydney Environmental Resources Limited (SERL), formerly Sydney Tar Ponds Clean-Up Inc., on March 26, 1991. The corporation maintains specialized Crown assets, provides security for provincially owned lands at and adjacent to the steel plant site, and is removing asbestos, in the interests of health and safety, from structures on provincial lands formerly used in the steelmaking process. SERL also discharges specific obligations of the province under terms of an earlier consummated Memorandum of Understanding between Canada, Nova Scotia, the Cape Breton Regional Municipality, and the Joint Action Group on Environmental Clean-up (JAG) respecting the remediation of a severely contaminated area within Sydney known as the Muggah Creek Watershed. As well, by special arrangement with the government, the corporation has engaged a complement of 40 employment-displaced steelworkers on an asbestos abatement project spanning approximately 16 weeks at the steel plant site.

The corporation is organized around three units:

- finance and administration
- maintenance, security, and health and safety
- communications

In the fiscal year 2000–01, the corporation operated with full-time equivalent staff of 25, in addition to term or part-time personnel of 40, for a total complement of 65. Fourteen full-time personnel were engaged in administrative, facilities' maintenance, and security activities. Five worked on health and safety initiatives (asbestos abatement), and six provided security at the coke ovens site under terms of a formal arrangement with the Joint Action Group on Environmental Clean-up and its government partners. The remaining 40 were engaged in expanded asbestos abatement on the steel plant site. This work is scheduled to be executed in a period of about 16 weeks.

The corporation discharged the core business functions of facilities' maintenance,

health and safety, and security in the fiscal year 2000–01 with an appropriation of $1,506,000. Obligations to the Joint Action Group on Environmental Clean-up respecting site security at the coke ovens were addressed by an additional appropriation of $300,000 (recoverable, in part, through the cost-sharing framework adopted as part of the Memorandum of Understanding respecting the clean-up of the Muggah Creek Watershed). The corporation's aggregate operating budget for fiscal year 2000–01 stood at $1,806,000.

Wages and salaries were the single largest element of the 2000–01 core operating budget by a significant margin, followed by the overhead and consumable costs of facilities' maintenance and health and safety initiatives.

The budget for expanded asbestos abatement was $968,000.

In terms of the fiscal year 2001–02, there are issues or challenges with the potential to significantly affect corporate operations, some of which are largely beyond the company's direct control:

- While thermal combustion is understood to be a viable clean-up method in the case of Sydney Tar Ponds and the fluidized bed incinerators now being maintained by the corporation have been certified by independent experts as appropriately used in the destruction of the coal tars at the tar ponds, the corporation has no way of knowing whether a final recommendation on a clean-up technology from the Joint Action Group will include use of the units.
- At time of writing, the Memorandum of Understanding between government partners and the Joint Action Group respecting preparations for the clean-up of the Muggah Creek Watershed was near expiry. As yet, there is no clear indication that a new partners' agreement will be executed or whether the corporation's support services, as currently provided to Nova Scotia as partner on the existing memorandum, will be required.
- The corporation is unable to determine with any degree of accuracy the impact of the decision to liquidate Sydney Steel Corporation on the viability of plans to decommission inoperative structures on the site in the interests of Nova Scotia's environmental, health and safety, and fiscal objectives.
- The labour force transition plan earlier adopted by Nova Scotia and the steelworkers collective bargaining unit is expected to result in the retirement of a significant portion of the corporation's labour force (former steelworkers) toward the end of the first quarter of the

fiscal year 2001–02. The challenge facing the corporation is to recruit comparable or superior replacement personnel from among former steelworkers not eligible for the transition package.

The corporation maintains its head office at 500 George Place, Sydney, and reports to the Minister of Transportation and Public Works, Province of Nova Scotia.

Mission

To coordinate some areas of Nova Scotia's participation within the JAG process, as well as, maintain the physical assets of Sydney Tar Ponds Clean-up, inclusive of identifying acceptable alternative uses for the twin fluidized boilers that are part of the physical plant and equipment under the corporation's charge; decommission workplace structures in the interests of health and safety; secure Nova Scotia's land holdings within the Muggah Creek Watershed; and interface with bargaining units of Local 1064, United Steelworkers respecting labour force adjustment issues specific to the steel plant site.

Strategic Goals

Sydney Environmental Resources Limited's strategic goals are:

Goal 1

To support Nova Scotia's fiscal, environmental, and health and safety objectives through the provision of a range of specific services appropriate to planning and preparing for the clean-up of the Muggah Creek Watershed as articulated in the Memorandum of Understanding between government partners and the Joint Action Group.

Goal 2

To pursue Nova Scotia's long-term environmental, health and safety, economic, and fiscal objectives specifically respecting the former steel plant site by remediating the area through the decommissioning of significant industrial structures in a cost-effective and safe fashion.

Goal 3

To mitigate Nova Scotia's fiscal position in the eventual clean-up of the Muggah Creek Watershed by maintaining the assets of the former Sydney Tar Ponds clean-up.

Goal 4

To secure Nova Scotia land holdings within the Muggah Creek Watershed and protect the province's interests in the site.

Core Business Functions

Sydney Environmental Resources Limited's core business functions are:

- To complement the efforts of the Department of Transportation and Public Works in discharging Nova Scotia's responsibilities as a partner within the framework of the Memorandum of Understanding between government partners and the Joint Action Group on Environmental Clean-up. Administrative staff (complement of three) at SERL will continue to interface with labour unions respecting the Muggah Creek Watershed, provide essential clerical and other administrative support services, provide administrative infrastructure, coordinate site logistics, establish and maintain necessary financial tracking processes, coordinate communications between Nova Scotia's representatives working on the file, and interface with the Joint Action Group.
- Until such time as a final recommendation is forthcoming on a clean-up technology for the Sydney Tar Ponds, maintain the co-generation complex at the north end of the steel plant site, in particular the twin fluidized bed incinerators. The corporation will do so to ensure efficient recommissioning of the complex, if requested, at minimal cost and to provide the required independent technical and scientific information to support use of the combustion technology in the safe and efficient destruction of waste coal tars at Muggah Creek. In keeping with past practices, the corporation will maintain the complex on the basis of a carefully structured maintenance plan. Where necessary, expert inputs will be secured to ensure the highest standards in the maintenance effort.
- Within the framework of the Memorandum of Understanding between government partners and the Joint Action Group, SERL will deploy trained, experienced personnel to secure Nova Scotia's land holdings within the Muggah Creek Watershed. SERL continues to undertake this important work cognizant of the importance of protecting Nova Scotia's interests and minimizing provincial liability.
- By special arrangement, decommission large-scale industrial structures throughout inoperative sections of the former steel plant site in an economical and safe fashion, in compliance with Nova Scotia's objectives respecting the

remediation of the site and in the interests of longer-term community development in the Sydney area.

This work will be undertaken strategically to optimize the potential for cost-sharing with the Government of Canada and other partners, reduce the financial obligations of the province, provide meaningful employment, transfer skills to improve the employability of participants, address Nova Scotia's environmental obligations, strengthen relations with the local community, and engender new household income to the benefit of Cape Breton.

Performance in 2000–01

- Negotiated a new four-year collective agreement with the principal bargaining unit to expire October 31, 2003.
- In co-operation with steelworkers union, Local 1064 and Sydney Steel Corporation, prepared a labour force transition plan for steelworkers in addition to a multi-phased steel plant site remediation plan.
- Continued to successfully remove asbestos in the interests of workplace health and safety at the north end of the steel plant site on lands controlled by the corporation.
- Provided accounting and administrative services support to the Department of Transportation and Public Works on the JAG file.
- Developed an expanded asbestos abatement plan to accommodate upwards of 40 displaced steelworkers over a 16-week term and successfully secured cost-sharing (in excess of $100,000) from federal government partners to permit the initiative to advance.
- Successfully liased with the JAG Secretariat and key community stakeholders on a range of issues of importance to Nova Scotia concerning the clean-up of the Muggah Creek Watershed.
- Continued security services at the coke ovens site, including site safety.
- Enhanced communications with new print material, targeted mail-outs, formal and informal briefings, stakeholders awards, public presentations, and media updates.

Priorities for 2001–02

SERL's priorities for the fiscal year 2001–02 are:

- Continue to maintain the assets, in particular the co-generation complex, to ensure efficient and cost-effective recommissioning, if so directed.
- Provide the Nova Scotia Department of Transportation and Public Works with necessary support in managing its involvement in the JAG process.
- Protect Nova Scotia's interests with respect to security and safety at the coke ovens site and other provincial properties within the Muggah Creek Watershed.
- Prepare a comprehensive industrial structures decommissioning plan respecting inoperative sections of the steel plant site, pursue cost-sharing for specific projects, and identify shortfalls for the consideration of the province.
- Assess human resource needs and training requirements in anticipation of forthcoming retirements, make adjustments in the interest of improved cost-effectiveness, and identify replacement personnel from among employment-displaced steelworkers.
- Operate within the terms of the collective agreement earlier negotiated with unionized personnel.
- Continue to pursue cost-sharing of facilities/equipment maintenance.
- Continue a dialogue with United Steelworkers and United Mineworkers respecting possible use of the co-generation complex in clean-up of abandoned mine sites throughout Cape Breton County as part of the national government's planned rationalization of the Cape Breton Development Corporation.
- Foster open communication with community stakeholders concerning thermal destruction technology.

Outcomes and Outcome Measures

Goal 1 ▶ *Maintain the assets of Sydney Tar Ponds for potential use in clean-up of the Muggah Creek Watershed.*

Outcome	Indicator	Measure	Target	Strategies to Achieve Target
• Support efficient, safe remediation of the Muggah Creek Watershed	• JAG technology selection process recommends thermal destruction as the preferred clean-up method	• Final clean-up methodology adopted by government partners based on JAG recommendation	• Recommended clean-up methodology to be known by spring 2002	• Continue to support JAG process • Continue to maintain tar ponds assets • Continue to evaluate the technology against the newest applicable methods • Continue to build public awareness of fluidized bed combustion technology.

Goal 2 ▶ *Secure Nova Scotia's land holdings within Muggah Creek Watershed.*

Outcome	Indicator	Measure	Target	Strategies to Achieve Target
• No reported incidents or challenges to Nova Scotia respecting the lands	• No claims, public debate, challenges by special interest groups or criticism from JAG	• Ministerial correspondence, JAG minutes, media stories	• Zero incidents	• Training and procedural updates for security complement • Interface with community stakeholders • Publish guidelines • Enhance reporting systems • Employ appropriate technologies • Maintain quality assurance systems

Goal 3 ▶ *Strengthen Nova Scotia's role as a partner in the JAG process*

Outcome	Indicator	Measure	Target	Strategies to Achieve Target
• Clean-up of Muggah Creek Watershed	• MOU between JAG and government partners successfully executed and new funding agreement later executed for the clean-up	• Cost shared agreement with national government has Nova Scotia at 30% contributor.	• Early 2003	• Ensure accountability in contract execution • Constant progress monitoring • Reporting and internal communications • Inter-governmental relations • Public acceptance

Goal 4 ▶ *Decommission industrial structures on the steel plant site*

Outcome	Indicator	Measure	Target	Strategies to Achieve Target
• Clean-up Sysco site	• Budget appropriation is approved for 2001–02	• Decommissioning plan adopted for implementation	• Mid-2001	• Complete all necessary engineering and technical work-ups • Identify prospective participants • Rationalize the economics of the project • Confer with regulators • Prepare request for proposals from third party contractors • Develop a framework for internal and external communications

Communications

Sydney Environmental Resources Limited is guided in its communications products and initiatives by a structured communications plan. The corporation has identified key internal and external publics. Internal publics include staff, bargaining units, directors, select officials of the Department of Transportation and Public Works, officials of related departments, such as Finance, Health, Environment and Economic Development; external publics include business and community leaders, civic officials, economic and community development personnel, officials of select federal departments and agencies, including Enterprise Cape Breton Corporation, Cape Breton Growth Fund Corporation, and Human Resources Development Canada, media, representatives of organized labour, leaders of special interest groups, and University College of Cape Breton.

Key messages to be employed in the fiscal year 2001–02 include:

- Through its actions and core business pursuits, SERL embodies Nova Scotia's ongoing commitment to address the unique environmental and health challenges of Cape Breton County, in particular the Muggah Creek Watershed.
- In engaging employment-displaced steelworkers to decommission large-scale industrial structures on the steel plant site, SERL illustrates Nova Scotia's resolve to address its environmental obligations respecting the former steel plant site.
- SERL's support of the Department of Transportation and Public Works in the advancement of the clean-up of the Muggah Creek Watershed illustrates the government's determination to harness local talent and capabilities, foster job creation, and strengthen the economy of the Cape Breton community.
- Through the realignment of corporate operations and other strategic internal adjustments, SERL will right-size its core work force consistent with the government's efforts to improve the efficiency of service delivery and strengthen the province's fiscal position through cost savings.

Human Resources

It is anticipated that the core business functions of Sydney Environmental Resources Limited will be met by a complement of 11 unionized, experienced site

personnel and one site supervisor. A complement of six trained personnel will provide security at the coke ovens site at the request of JAG. Communications, administration, and record-keeping functions will be addressed by three non-unionized administrators, including the Manager, Finance, Purchasing and Accounts, who has overall responsibility for day-to-day operations of the corporation. Therefore, at the beginning of the second quarter of the fiscal year 2001–02 total staff complement will be 21 down from 25 a year earlier. The position of general manager will not be filled as long as the corporation is in maintenance rather than operations mode, and the health safety and environmental function will continue part time.

As regards special projects, almost 100,000 person hours of employment will be provided on a term basis.

Information Technology

IT hardware and software are in conformity with guidelines and specifications developed by Nova Scotia. Sydney Environmental Resources Limited maintains a simple local area PC network with shared peripherals. Additionally, the corporation makes use of the Internet for e-mail purposes and maintains a WWW site. As well, the corporation has conventional faxing capabilities.

On-site instrumentation and control systems, inclusive of hardware and software, conform to standards set down by the project manager, Acres Engineering Limited, in the original design and construction phase of the Sydney Tar Ponds clean-up project. Recent assessments by independent experts indicate that newest generation technology is superior to existing systems and will have to be incorporated into a recommissioning plan.

Financial Services

Financial statements are prepared monthly and yearly in accordance with generally accepted accounting principles to reflect the financial position and results of operations of the corporation within reasonable limits of materiality. The integrity of financial reporting is ensured with a system of internal accounting controls comprising written policies and procedures and a formal authorization structure. The board of

directors carries out its responsibility for the financial statements through an audit committee. The financial statements of the company are independently audited in accordance with generally accepted auditing standards.

Budget

For the purpose of continuing its three essential or core business functions—facilities' maintenance, health and safety, and security—the corporation is requesting an appropriation of $1,336,271. In following provincial guidelines, the corporation has been successful in reducing its budget by 11.3 per cent. In the fiscal year 2001–02, SERL anticipates operating with a staff complement of 21, inclusive of security personnel at the coke ovens as per a standing arrangement with the Joint Action Group.

In keeping with past practice, SERL proposes to continue to be responsible for coke ovens security. For this purpose, the corporation will require an appropriation of $279,564.

The corporation also proposes that asbestos abatement be expanded to include decommissioning of industrial structures on lands owned by the province formerly used in the steelmaking process. This work will be undertaken on the strength of its cost-effectiveness and relevance in terms of Nova Scotia's environmental obligations at the steel plant site. Additionally, the project will significantly improve economic conditions in the Cape Breton community. The work to be undertaken as part of this initiative requires a special appropriation of $5,132,440.

In sum, the corporation's core budget for the fiscal year 2001–02 is $1,336,271.

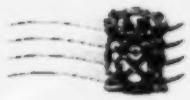
Expenditures

	Estimate 2001–02	Forecast 2000–01	Forecast 1999–00	Actual 1998–99
Total Budget	$1,336,271	$1,506,000	$1,600,000	$1,450,684

Sydney Steel Corporation

Appointed on January 28, 2000, Ernst and Young Inc. remain as agent for the Province of Nova Scotia with respect to the management of Sydney Steel Corporation and the sale or liquidation of Sydney Steel Corporation's assets. Consequently, Sydney Steel Corporation has not prepared a business plan for the 2001 fiscal year.

Crown Corporation Business Plans



Tidal Power Corporation

The Department Natural Resources requested permission from Executive Council in January 2001 to repeal the Tidal Power Corporation Act and to appoint new directors of the Tidal Power Corporation for the purpose of dissolving the corporation. The department would like to wind down the corporation as quickly as possible. It is the intention of the department to transfer all assets of the corporation to the department.

Crown Corporation Business Plans

Trade Centre Limited

Business Plan 2001–02

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Introduction

Trade Centre Limited (TCL) was created in November of 1981 by Order-in-Council as a Crown corporation and also incorporated under the Nova Scotia Companies Act. The Province of Nova Scotia is the beneficial owner of all shares of the company. The company reports to government through the Minister of Economic Development. The original mandate defined the primary purpose of the company as to oversee and administer the activities related to the Trade Centre complex. A secondary purpose is to actively promote the facility, Halifax, and Nova Scotia. In 1982, an agreement was signed between the City of Halifax and the Province of Nova Scotia that gave management of the Halifax Metro Centre to TCL, though the city was to continue to accept financial responsibility for all costs of operation in excess of revenues. The two facilities/properties are indivisibly linked in all aspects of physical plant and are interdependent in all operations, which is necessary to achieve maximum efficiencies in all areas of performance.

In the fall of 1994, Trade Centre Limited adopted a comprehensive strategic plan to chart a course and guide the direction of TCL for the next five years. A process for annual review is in place to ensure that the strategic plan remains vibrant and relevant in the extremely competitive business environments in which it operates and at the same time to continue to act as an economic generator for the Province of Nova Scotia.

As a result of the strategic direction established, it was recognized that maximum productivity and efficiency are achieved through interdependence and communication.

Events Halifax was added as a business unit in 1999–2000. Its mandate is to actively seek large sporting and cultural events for Halifax. This unit provided support services in preparation of the successful bid to hold the 2003 World Junior Hockey Championships here in Halifax.

In November 1999, Trade Centre Limited was directed by the Government of Nova Scotia to take over and manage the facilities at Exhibition Park. This transfer of management capitalizes on TCL's expertise in sales and events management in both

the meetings and conventions industry and the entertainment industry. As part of this initiative TCL was asked to support the formation of a new fall fair and to assist in making it the pre-eminent agricultural fall fair in the Maritimes. The Maritime Fall Fair Association was created as a not-for-profit society in December 1999.

Trade Centre Limited is now embarking on its second five-year plan, which incorporates these two new entities as an integral part of our operations for successful future growth. As a result of this new strategic direction, a new mission statement has been defined.

Mission

To deliver the best in business, hospitality, and entertainment products and services and create economic, social, and cultural benefits for Nova Scotians.

Strategic Goals

Trade Centre Limited (TCL) was created and the facility was constructed to complement, operate, and integrate with the existing Halifax Metro Centre (HMC). The combined complex was visualized as an economic generator and benefactor for both the city and the Province of Nova Scotia in the convention, trade show, sports, and entertainment industries. The facility was financed by all three levels of government—federal, provincial, and municipal—with an ongoing commitment by the latter two to fund operating deficits and capital improvements. However, with today's continued pressure on governments to achieve fiscal responsibility, TCL has adopted a mandate through strategic planning to eliminate its need for operating funds subsidies and also to reduce, or eliminate if possible, the need for the more extensive and continued capital improvements funding that is necessary to maintain and preserve its status as a world-class facility and destination.

Trade Centre Limited has achieved a level of financial operating incomes before depreciation in the last five fiscal years. This trend can continue if TCL remains an independent business entity.

Trade Centre Limited is a unique Crown corporation comprising six business units. Of those, TCL operates two properties in a symbiotic relationship and a third separate property. Five of the units include a convention facility, office tower with five floors of leased space, a World Trade Centre, a multi-purpose sports/entertainment/trade show complex, and a multi-purpose agricultural complex. The sixth unit, Events Halifax, is dedicated to selling Halifax as a venue for major sports and cultural events.

Trade Centre Limited sees tremendous opportunities in all its business units through consistent team effort, co-operation, and communication. By providing an exemplary level of innovative service it will continue to be a vibrant community centre.

TCL operates in highly competitive markets for conventions, conferences, meetings, and entertainment; these industries are seeing a major increase in the number of convention, entertainment facilities in all parts of the world and the complete remodelling of older existing facilities to increased capacities.

TCL is unique as a Crown corporation in that it pays municipal property taxes—commercial and occupancy—and is subject to other applicable taxes, local, provincial, and federal.

It is also unique in that to achieve financial independence from government, yet still act as an economic generator/benefactor—its original mandate for construction—it must also compete in the industry markets that its construction was designed to benefit.

As a result of the new strategic initiatives, new strategies were developed:

1. Enhance TCL's performance in business, hospitality, and entertainment sectors through facility, product, and service development.
2. Establish strategic partnerships to position Halifax and Nova Scotia as attractive alternatives for business, hospitality, and entertainment opportunities.
3. Increase TCL's overall computer literacy and technological capability to maximize effectiveness.
4. Deliver a consistent level of distinguished customer service that supports TCL's leadership position in product and service delivery.
5. Build a flexible, adaptable work force and environment, representative of the community, with the capability to adapt easily to change.

6. Communicate to Nova Scotians the economic, social, and cultural benefits derived from participation in the business, hospitality, and entertainment industries.

Core Business Functions

Trade Centre Limited is a corporate entity that acts as the umbrella for six primary business units and provides the necessary support resource units for their operation. The interdependent and physically joined complex provides opportunities to achieve operational efficiencies and financial savings through this interdependence—most importantly acting as a catalyst for "one-stop shopping" for activity planners and event promoters.The six business units/core businesses are

- **The World Trade and Convention Centre**
  The World Trade and Convention Centre provides the necessary facilities and services to attract meetings, conventions, and trade shows that will have a major impact on the economy of the province.
- **The World Trade Office Tower**
  The World Trade Office Tower provides Class A commercial office space to sectors of government and private business that have a significant interest in and relationship to the type of business activity generated by the facilities.
- **The Atlantic Canada World Trade Centre**
  As a franchise member of the World Trade Centers Association, a worldwide organization of 310 trade centres, it provides trade-related services to Atlantic Canadian companies seeking to expand their operations in the global marketplace.
- **The Halifax Metro Centre**
  Recognized as the premier sports/entertainment and trade show complex in Atlantic Canada, the Halifax Metro Centre provides a venue that complements and enhances the capability to handle convention and trade show activities and is the largest sports/entertainment complex in Atlantic Canada, acting as a main catalyst to draw national and international sports and entertainment activities to the Atlantic region.
- **Events Halifax**
  Events Halifax's mission is to position and sell Halifax as a preferred city to host major national and international sporting and cultural events.
- **Exhibition Park**
  Exhibition Park –Trade Centre Limited has recently accepted responsibility for

this facility. It will be run as an integrated business unit of Trade Centre Limited identified by its unique location and market audience.

Performance in 1999–2000

For the fiscal year ended March 31, 2000, Trade Centre Limited achieved an operating income of $735,440, before depreciation, on revenues of $8.26 million. This performance marked the 5th year in its 15-year operating history of achieving an operating income before depreciation. This reflects successful achievement of the original five-year plan to achieve an operating income before depreciation. Capital expenditures still require a level of support; however, continued operating incomes of this nature and retained by TCL will reduce that level of dependency in the long term.

The major objective of the strategic plan continues to focus on ensuring the operating incomes before depreciation are achieved over the next five years. That objective was achieved in fiscal 1995–96, ahead of schedule, and this year marked the fifth time operating incomes before depreciation have been achieved.

Highlights for Five Years: 1996–2000

It is important to note that Trade Centre Limited has achieved an unprecedented level of financial success in these five years. It has recorded operating incomes before depreciation in each of the last five years (1995–2000) for a cumulative total of $2.64 million. The preceding five years (1991–95) cumulative losses totalled $3.24 million—this represents a complete turnaround of 180.6 per cent in performance.

In terms of economic impact, total direct expenditures have increased 46 per cent from $61.6 million in 1995–96 to $89.8 million in 1999–2000. An additional benefit in spin-off economic expenditures of $52.0 million was generated in 1999–2000.

Employment activity created by TCL business units amounted to 2,035 person years for fiscal 1999–2000.

Highlights for 2000–01

Exhibition Park in its revitalized facilities hosted the first new Maritime Fall Fair, a 10-day event that brought a new focus and new interest to agricultural fairs and in its bid to become the pre-eminent agricultural fair in the Maritmes. The annual Atlantic Christmas Craft Fair surpassed previous years' expectations for the craft-sellers as being the best ever.

The World Trade and Convention Centre hosted the Commonwealth Education Ministers conference with over 1,200 international delegates. The Canadian Diabetes Association along with the clinical and scientific section brought over 1,600 Canadian and international delegates to Halifax in October. The Royal Canadian Legion came to Halifax bringing 2,500 delegates from all across Canada, and the Canadian Baptist Ministries conference with over 5,000 delegates using Halifax Metro Centre. It should be noted that Halifax Metro Centre plays an integral role in the majority of large conventions, which reflects the true team and symbiotic approach to all of our business.

The Atlantic Canada World Trade Centre was successful in its bid to hold the World Trade Centers annual conference in October of 2002—it is expected that 600 delegates from 330 World Trade Centres and over 100 countries will be represented.

Events Halifax contributed to the successful bid presentation to hold the World Junior Hockey Championships in 2003, which is anticipated to inject over $14 million into the local economy over a 10-day period. All of the team at TCL contributed to the success of this bid.

The World Trade Office Tower continues to maintain occupancy levels in excess of 99 per cent and continues to be a premier and sought-after downtown office location.

Priorities for 2001–02

The attached budget details the financial plan to achieve our goals of financial independence in the short term for operating fund subsidies and our ability to contribute to our financial needs for capital improvement funds in the long term.

These are ambitious goals at a time when there has been an unprecedented growth

in the number of comparable facilities worldwide, providing for a very tough and competitive market in an industry that has also seen a simultaneous reduction in levels of attendance and service requests, resulting in declining revenues.

Our continuous efforts in achieving revenue growth and devising new products and services, and by constant monitoring of those revenues and effective cost controls, have allowed us to accomplish what we have to date; and through an effective and ongoing strategic planning process we will continue to contribute to our future success.

Corporate Commitments

1. We respect the trust our shareholders have placed in us and are committed to managing their resources wisely while maximizing returns.
2. We value each employee's contribution and are committed to providing a mutually supportive relationship that benefits both employer and employee.
3. We are committed to providing distinguished service to our customers.
4. We value our suppliers' role in helping us provide top-quality products and services and are committed to fair and equitable dealings with them.
5. We respect diversity and are committed to building a representative work force.
6. We are committed to providing a safe and healthy work environment.
7. We are committed to a culture that encourages and supports creativity and innovation.
8. We value courage in decision making and are committed to capitalizing on business growth opportunities.
9. We are committed to enriching the lives of Nova Scotians through economic, cultural, and social benefits associated with our industry.

Outcomes and Outcome Measures

Goal 1 ► *To operate TCL successfully, financially, independent of requests for operating funds.*

Outcome	Indicator	Measure	Target 2001-02	Strategies to Achieve Target
• Maintain a level of profitability to ensure that the operating needs of strategic partnerships. of TCL can be met independently of a need to request operating funds from the province.	• Annual audited financial statements	• Income before depreciation	• Income before depreciation of $110,439	• Increase in revenue growth by 5% • Increase number and effectiveness • Increase use of technology and staff training levels.

Goal 2 ► *To make TCL the destination for business, hospitality, and entertainment products and services in Canada.*

Outcome	Indicator	Measure	Target 2001-02	Strategies to Achieve Target
• To generate more economic, social, and cultural opportunities for the HRM and Nova Scotia.	• Levels of attendance, event activity bookings, and meals served. • Annual Economic Impact Report.	• Number of events per year, number of customers, and days facilities are used.	• Increase number of event bookings by 10%. • Increase number of customers by 15%. • Increase number of event days by 10%	• Increase use of technology and employee training. • Provide a consistent level of distinguished customer service. • Increase efforts in marketing.

Communications

Trade Centre Limited has recognized that effective communications with all our stakeholders are integral to ongoing public and internal support for the various initiatives the organization has embarked on. Support for the function at the strategic level has been critical to communicating the successes that have been achieved over the past five years and to building and retaining support for the challenges of the next five-year planning span. Major stakeholders include our employees, our industry partners, and our shareholders, the taxpayers of Nova Scotia.

An important priority for the Communications division is research. In addition to ongoing economic impact studies, which are conducted biennially, TCL has undertaken a major economic impact analysis of the wider sports and cultural events sector for Events Halifax. Surveying is continually conducted on a wide cross-section of events from swimming, baseball, and soccer to canoe racing, equestrian events, and festivals. Results will be used in the bidding process to help garner support for events for Halifax. We have also committed to developing a comprehensive customer satisfaction measurement and evaluation program that will target all the different levels of customers—from attendees at Halifax Metro Centre events to planners of major conventions at the Convention Centre.

A major initiative is continued commitment to the identification and tracking of the direct and indirect economic impact and benefits arising from the activities of the World Trade and Convention Centre and the Halifax Metro Centre. It is important not only to track these benefits but to communicate them to Nova Scotia's taxpayers through the news media and as part of our annual report.

The annual report is our formal document for public distribution. It represents a vital tool in our efforts not only to tell the public what we do, but also to share our successes and accomplishments with them from one year to the next.

As part of the goal of keeping our stakeholders informed, TCL publishes a bimonthly newsletter, the *Ambassador*, which is circulated to the general public, our employees, our industry partners, and the news media. Our business units also publish a number of other newsletters targeted to specific groups and audiences, including the Atlantic Canada World Trade

Centre *Trade Tips* for members, an employee newsletter, Events Halifax's *A Step Up* for the events community, and newsletters developed for targeted client needs in the sports community.

An ongoing commitment to strong community relations includes facility tours for students and community groups. Tours are custom-tailored for students from elementary to post-secondary, particularly students in tourism and hospitality and event-planning programs. We have also developed successful community relationships with such groups as Mermaid Theatre of Nova Scotia, The Art Gallery of Nova Scotia, and the Senior Citizens' Secretariat. We will actively pursue more of these relationships during the year.

The Ambassador Dinner is an annual event held to honour those local individuals who have been essential to attracting their respective event, conference, or convention to our facility and city. These people are integral to TCL's success, and recognizing their efforts publicly is one of the ways to earn their continued support.

An ongoing program of advertising—local, regional and national—has been implemented to ensure that we maintain a continual presence in various advertising media that focus on our business unit markets.

A renewed commitment to creating an effective website presence for all of our business units is a priority for the next year. Generating revenue where possible, increasing our visibility, and finding even more efficient ways to inform and do business with our various clients are major goals in the development of our websites.

Human Resources

The human resources function plays a significant role in the operation of TCL and its diverse business units, which employ over 70 full-time employees and more than 250 part-time employees. Recognition of and support for strategic management of TCL's human resources have been a key factor in meeting the challenges of the diverse businesses we operate.

The operation of six diverse business units requires a variety of employees having a variety of skills associated with and unique to each industry. Extensive and intensive initiatives have been embarked upon to establish and develop personnel policies and practices in response to our unique needs, in line with our industry counter-

parts, employment legislation, and guidelines established by the Province of Nova Scotia affecting Crown corporations.

TCL recognizes the importance of this function and places a high priority on human capital management in all areas of operations, strategic planning, and decision making in order to achieve its corporate objectives. It is recognized that the manner in which we deal with our employees will be reflected in the manner in which they interact and service our clients. Our employees are committed to delivering a superior product and superior service.

Initiatives are ongoing in the following areas:

- revision and development of standard corporate employment policies and practices
- training initiatives that support our strategic direction
- performance management
- workplace health and safety
- employee relations policies and guidelines
- customer service strategy development
- compensation and benefits review—industry standards/government guidelines
- rewards development
- automation and efficiency improvements

Information Technology

Information technology has been recognized in our strategic planning process as a key factor to achieving our corporate goals and objectives and is crucial to our success in the industries of each of our business units. A separate strategic information technology plan has been created that integrates with the corporate plan. Recognizing that we have six diverse business units and resource units with very different needs was a key factor in the development of this plan.

TCL participates in a very competitive environment in each of its business units, and all have shown rapid advancement in and deployment of information technology to remain extremely competitive. It is necessary that we remain competitive in those environments to ensure our continued success, and we see the use of technology as being a key factor.

TCL has adopted the client/server systems technology in its operations and those operating systems best suited for software

applications that are industry specific, and the use of other common software applications that offer the best fit to our overall corporate technology goals. Industry-specific applications have given us the competitive edge and have been critical to our success in operational efficiency, productivity, and revenue growth. We have stabilized to one hardware platform, which has contributed to reduced maintenance costs and has given us an uptime ratio that consistently exceeds 99.9 per cent. This level of uptime is crucial to our operation, and any deterioration would result in lost revenues that would have an exponential impact on our bottom line.

The overall strategy of TCL is to advance and increase the use of information technology in all areas of operation that can be identified as deriving a direct productivity benefit and/or cost-effective solution from its application.

The use of information technology has become such an integral part of TCL's operation that it would not be able to function without it. The loss would severely hinder the operation as a whole and its ability to generate revenues.

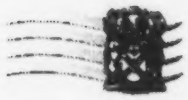
Budget

For the years ended March 31	*2002 Estimate*	*2001 Projection*	*2000 Actual*	*1999 Actual*
Revenues	$10,083,797	$9,603,616	$8,096,304	$7,301,822
Expenses				
Event operations	$4,142,315	$3,945,062	$2,984,636	$2,495,452
Salaries and benefits	2,186,908	2,133,566	1,765,278	1,699,374
Operating, maintenance and administration costs	2,854,138	2,718,226	2,070,333	1,955,502
Taxes and insurance	915,000	902,000	815,515	832,504
	10,098,358	9,698,854	7,635,762	6,982,832
Income before other items	(14,561)	(95,238)	460,542	318,990
Other income				
Gain on disposal of assets	—	—	—	2,040
Interest income on short term investments	125,000	125,000	176,454	158,416
Pension contribution holiday	—	—	98,682	87,927
	125,000	125,000	275,136	248,383
Income before depreciation	**110,439**	**29,762**	**735,678**	**567,373**
Depreciation	1,650,000	1,650,000	1,586,378	1,468,381
Income (Loss) for the year	**$(1,539,561)**	**$(1,620,238)**	**$(850,699)**	**$(901,008)**

Note:

Revenues and expenditures of the Halifax Metro Centre are not reflected in this budget. The Halifax Metro Centre is owned by the Halifax Regional Municipality and operated by Trade Centre Limited under a management agreement. All operating deficits or surpluses accrue to the municipality, and all capital improvements are funded by the municipality.

Crown Corporation Business Plans



Waterfront Development Corporation Limited

Business Plan 2001–02

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Introduction

Waterfront Development Corporation Limited (WDCL) is a Crown corporation established in 1976 to revitalize the waterfronts of Halifax and Dartmouth. Its current mandate includes

- property acquisition, management, and development within designated areas in Halifax and Dartmouth
- marketing and promotion designed to attract public use of the waterfronts.
- coordination and planning of the waterfronts of Dartmouth and Halifax including the stewardship of harbourfront assets owned by the province.

The corporation has a staff of 13: 6 involved in planning, development, and administration and 7 in maintenance and parking operations. The corporation's ordinary revenues ($3 million in year ended March 2000) are derived primarily from building and ground leases (36 per cent) and parking lot operations (62 per cent). In the year past, expenses were approximately $2.4 million and are made up of property expenses (maintenance and repair, taxes, depreciation, 29 per cent), corporate overhead, including planning (25 per cent), interest expense (30 per cent), and contribution to public facilities, both owned and non-owned (16 per cent).

Challenges for Fiscal 2001–02

- To seek out revenue sources to offset anticipated operating costs as a result of pressures to expand the corporation's mandate (Bedford waterfront) and to become more active in Dartmouth.
- To complete the planning process for the Halifax waterfront so proposal calls can be issued for development.
- To negotiate a partnership with the Halifax Regional Municipality, which includes financial support to the provision of public space and amenities.
- To develop a successful strategy for marine business development in Dartmouth Cove.
- To effectively and efficiently amalgamate Bedford Waterfront Development Corporation Limited into Waterfront Development Corporation Limited.
- To develop an effective and successful marketing and promotion plan.

Mission

To serve as guardians of Greater Halifax Harbour and to develop properties, coordinate, plan, promote and act as the provincial agent to assist other Nova Scotian waterfronts.

Strategic Goals/Core Business Functions

The corporation's goals and projects are targeted to provide infrastructure and opportunity for further public and private investment that will enhance the capital region as a place in which to do business and invest. An emphasis is placed on quality development that will make all Nova Scotians proud of their capital region and province.

Goal 1

Acquisition, management, and development of waterfront property in Halifax and Dartmouth.

Goal 2

Marketing and promotion of the waterfronts as centres of year-round activity and interest for residents and visitors.

Goal 3

Coordination and planning of waterfront activities and development.

Priorities for 2001–02

Property Acquisition, Management, and Development

- Implement the development plan for the Halifax Waterfront, including calls for proposals for private development and further investment in public infrastructure.
- Finalize Bishop's Landing residential development and the public plaza and park.
- Review alternative uses for unsatisfactory leases.
- Implement the development plan for Dartmouth Cove through calls for proposals or reinvestment and leasing of properties.
- Promote/advertise berthing opportunities in Halifax and Dartmouth.

- Implement strategic plan to redevelop lands on the Halifax waterfront.
- Complete feasibility study for a marine centre/aquarium.
- Coordinate with HRM on waterfront park and pathway development along the Dartmouth waterfront.
- Negotiate a land exchange solution for the surplus Coast Guard base in Dartmouth.
- Continue discussion with the government on development of strategic provincial land in the mandated areas in order to achieve debt reduction.

Marketing and Promotions

- Install the interpretation panels signage program.
- Develop a program of activities for the 25th anniversary of WDCL.
- Through the downtown development commissions partner with the business community using "seed funding" from WDCL.
- Continue to expand the Visiting Ships Program and partner with the Maritime Museum of the Atlantic.
- Host the International Buskers 2001 Festival.
- Host the 2001 Halifax Natal Day Celebrations.
- Provide leadership in advancing a Tall Ships program.
- Negotiate with Boston for biannual tall ship race from Boston to Halifax.
- Continue to take leadership role on an initiative to promote the use of George's, McNabs, and Lawlor's islands.
- Develop a communications plan to expand public relations coverage with media interviews, paid advertising, and direct mailouts.

Coordination and Planning

- Continue to establish partnership/policy agreements with the Halifax Regional Municipality in areas of planning and maintenance.
- Continue to establish partnerships with downtown Halifax and Dartmouth business commissions.
- Provide a leadership role in initiating a harbour visioning process.
- Work jointly with HRM and Parks Canada on a feasibility study for opening George's Island to visitors.

Outcomes and Outcome Measures

Property Acquisition, Management, and Development

- proposal call for private development of a land parcel on the Halifax Waterfront
- partnership with the private sector to build a docking facility at Dartmouth Cove
- feasibility study for a marine centre/aquarium
- strategic plan for additional initiatives on the Dartmouth waterfront

Marketing and Promotions

- installation of five interpretation panels on the Halifax waterfront
- 500,000 additional visitors to the waterfront via events and special programs i.e., visiting ships
- strategic plan for a recurring Tall Ships Program
- marketing and promotions plan

Coordination and Planning

- partnership agreement with HRM for development of public space and infrastructure
- feasibility study for George's Island
- strategy for developing a vision for Halifax Harbour

Communications

Four primary messages will be stressed in 2001–02:

- 25th anniversary of the corporation which will entail its past success and future plans
- expanded mandate to Bedford will involve public participation in and implementation of a strategic plan
- marketing and promotion of important tourism assets
- a strategy for the corporation's involvement in the rejuvenation of Dartmouth's waterfront

Human Resources

The following initiatives are designed to maintain efficiency and ensure implementation of objectives and reduce cost.

- Continue to assess staffing and contracting needs to permit implementation of objectives and reduce cost.
- Continue to evaluate internal and external public safety measures.

Information Technology

WDCL will continue to assess its business needs relative to current computer technology and current investment. This will include the need to access geographic information systems. Continued improvement to the Internet website will be a priority.

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Financial Services

The corporation will continue to seek the ability to borrow funds from the Municipal Finance Corporation, which would generate significant interest savings.

Budget

Prospects for the future are good. Funds available for development are expected to average $750,000 annually over the next three years. Current and projected budgets for the years 2001 through 2004 are attached. Highlights include:

- A $3.5 million program over the next three years for capital improvements will focus on providing a higher level of public facilities on both sides of the harbour.
- A major joint planning review with HRM is near completion. This plan will result in proposal calls for key sites that are now owned by the corporation and have the potential for commercial developments and residential expansion to complement the adjacent public harbour edge.
- An intensive review and negotiation with HRM will satisfy the business community and the public on parking needs into the long term and at the same time provide taxable development and an ability for ongoing cash flow by the corporation to sustain the public mandate and non-revenue–generating public areas that have been developed by the corporation.

- In past years, the Government of Nova Scotia has provided a subsidy in excess of $300,000 annually to cover interest expense on development costs. This subsidy was discontinued in fiscal 2000–01, and has not been included in the corporation's budget for this or any subsequent years.
- Discussion will continue with the government on development of strategic provincial land in the mandated areas in order to achieve debt reduction.
- Included in the current and future year budgets for the first time is an annual contribution from net earnings of $400,000 to an interest-bearing sinking fund dedicated to replacement and maintenance of public infrastructure such as wharves, boardwalks and parks.

	1998–99 Actual	1999–2000 Forecast	2000–01 Budget	2001–02 Budget	2002–03 Budget	2003–04 Budget
Revenue						
Rent	1,144,682	1,015,758	996,822	1,005,226	1,023,647	1,021,500
Parking	1,866,725	1,855,340	1,559,443	1,855,340	1,925,491	1,995,086
Recoveries	3,615	3,604	3,604	3,694	3,786	3,881
Interest revenue	9,932	13,498	13,498	13,835	14,181	14,536
Interest Revenue (Sinking Fund)	—	—	—	24,000	49,440	76,406
Other	21,125	25,000	25,000	25,000	25,000	25,000
	3,046,079	2,913,200	2,598,367	2,927,095	3,041,546	3,136,410
Property Expenses						
Operating	423,797	444,000	369,000	390,225	423,981	434,580
Taxes	55,321	55,658	56,375	57,784	59,229	60,710
Amortization & depreciation	300,952	320,000	300,000	320,000	320,000	320,000
Non-owned infrastructure	315,362					
	1,095,432	819,658	725,375	768,009	803,210	815,290
Income before other items	1,950,647	2,093,542	1,872,992	2,159,086	2,238,336	2,321,120
Corporate Expenses						
Directors	16,701	25,000	45,000	35,000	35,000	35,000
Office operation	51,661	51,669	51,669	52,961	54,285	55,642
Audit	9,500	10,250	10,250	10,506	10,769	11,038
Consultants	163,895	128,000	135,000	120,000	60,000	60,000
Legal	12,941	12,000	24,000	24,600	25,215	25,845
Public Relations	1,191	2,000	4,923	5,046	5,172	5,302
Promotions	13,486	12,000	25,000	60,000	60,000	60,000
Salaries & benefits	269,331	280,000	288,025	278,025	284,976	292,100
Staff expenses	60,145	54,000	65,600	67,240	68,921	70,644
	598,851	574,919	649,467	653,378	604,338	615,571
Loan Interest	743,259	800,000	770,000	793,000	747,500	760,500
Net earnings	608,537	718,623	453,525	712,708	886,499	945,049
plus: amortization & depreciation	300,952	320,000	300,000	320,000	320,000	320,000
less: sinking fund contribution	400,000	400,000	—	400,000	400,000	400,000
Funds avilable for development	909,489	638,623	753,525	632,708	806,499	865,049
Development Project Exp.	370,117	789,354	1,426,000	1,395,600	930,000	1,185,000
Borrowing for Dev't. Projects	(1,000,000)	150,731	672,475	762,892	123,501	319,951
Other funds: Development projects						
Land sales	—	2,140,000	2,140,000	—	—	—
Grants and recoveries	196,762	129,390	400,000	—	—	—
Nova Scotia gov't contribution	302,400	—	—	—	—	—
Total other funds: Dev't projects	499,162	2,269,390	2,540,000	—	—	—
Ending cash	(343,168)	(24,509)	19,798	(43,094)	33,404	13,453
Increase (decrease) in debt	(1,000,000)	(1,800,000)	(1,800,000)	700,000	200,000	300,000
Loan balance, end of year	12,600,000	10,800,000	12,200,000	11,500,000	11,700,000	12,000,000
Sinking Fund Balance, end of year	—	400,000	—	824,000	1,273,440	1,749,846
Prime rate	—	—	6.50%	7.50%	7.50%	7.50%